



# BENEFIT *Advisor*

## In This Issue

*In this eighth issue of the McGrawWentworth Benefit Advisor for 2006, we will examine the challenges of providing benefits to employees who work out of the country. Covering these employees is more complicated than many employers realize.*

*Employers are expanding operations across the globe and frequently send key employees to run their foreign programs. Organizations can make the transition a little easier by offering benefit plans designed for this situation.*

*We welcome your comments and suggestions regarding this issue of our technical bulletin. For more information on this Benefit Advisor, please contact your Account Manager or visit the McGrawWentworth web site at [www.mcgrawwentworth.com](http://www.mcgrawwentworth.com).*

## “Providing Benefits Internationally”

As many employers are struggling to compete in a global economy, other employers are expanding their operations around the world. This expansion to other countries often happens slowly. It may begin with one or two transplanted managerial employees working with employees in the local area to get the international operation started.

Transplanted United States citizens, often referred to as expatriates, have special needs when it comes to benefits. Your organization needs to resolve these issues so that your employees are free to focus on their work. Many benefit plans your organization has in place will not adequately cover employees working abroad.

This Advisor discusses the following benefit issues critical for expatriates:

- Making sure your benefits are available.
- Helping an employee find health care.
- Delivering a comprehensive benefit program.

Employers eager to expand their operations globally do not always con-

sider the benefit issues that may arise. If employees have a difficult time securing benefits, it will impact the employee's view of a foreign work assignment. Therefore, employers must research the challenges these employees may face and deliver the program that will best meet their needs.



### Benefits for Employees Working Abroad

Most companies offer an array of benefits to their United States employees. Many employees expect

to receive the same benefits when they take a foreign assignment. However, it may be difficult to duplicate benefits for these employees.

Medical benefits may be your expatriates' first consideration. Although your health plan may cover services an out-of-country provider performs, coverage under the same plan that covers employees in the United States may not be adequate. While the contract may pay providers out-of-the-country, the claim paying process will certainly not be very smooth. Employers need to consider many issues when they determine how to cover expatriates:

- The predominant health plan design in the United States is the PPO (Preferred Provider Organization). PPOs offer one level of benefits when network providers are used and a lower level of benefits when an out of network provider is used. Most PPOs do not have international providers in their networks. Thus your expatriate would be able to secure only out-of-network coverage.
- The health care delivery system in the United States is unique. While most other countries have government-run medical programs, our government is not directly involved in managing care. When foreign doctors treat patients from the United States, the patient may be required to pay at the point of the service. This requirement is a big departure from how care is handled in the United States. Typically, our providers bill us for any services our insurance carrier does not cover. Expatriates, on the other hand, may have to pay a significant amount when they receive care. If your organization covers expatriates on the U.S. employee benefit plan, you may need to help them with the out-of-pocket cost in a medical emergency.
- Employees may also need help with potential out-of-pocket costs because reimbursements for international claims take more time. American insurance carriers use a complicated coding system to handle



billing and claims. The coding system assigns a CPT-4 code to procedures and an ICD-9 code to diagnostic information. The technology is so advanced that carriers can process many claims electronically using just the codes.

However, other countries do not use these codes. Your employee will receive a bill with a brief description of services and charges. Often, the description is not enough for a claims payer to properly assign a CPT-4 or ICD-9 code. Without the code, carriers may take two or three months to process a claim.

What's more, these claim-paying difficulties can be exacerbated if the bill is in another language. Trans-

lating a bill takes additional time. Since most claims payers do not have a translator on staff, the translations are outsourced, adding time to the claim payment process.

- Reasonable and customary fees can be another hurdle. These fees generally depend on the prevailing fees in the region. Most fee schedules do not include prevailing fees for services received outside the country. The difference between prevailing fees charged locally and prevailing fees charged for care outside the country may be significant. Your expatriate may have to pay a significant out-of-pocket amount. In addition, with the dollar weakening in many countries, exchange rates can magnify these cost differences.

Because claims payment and processing systems differ abroad, claims incurred out of the country can cause problems. If your carrier does not specialize in international claims, it certainly will take more time to get a claim processed. If you cover your expatriates under your U.S. health plan, inform them of the issues involved in paying for care and the time it will take to process the claims.

### Seeking Health Care in a Foreign Country

Paying for health care in another country is certainly an issue. However, money will not be your employee's first concern. Finding a quality provider will also be a challenge.

The United States has a system for monitoring health care providers. Providers are accredited and board certified. In the United States, you have a number of resources for investigating your provider's credentials. In addition, health plans also monitor their participating physicians to make sure they meet the health plan requirements. Most individuals choose reputable providers their family and friends recommend.

The situation is different in other countries. An expatriate may struggle to find appropriate health care and may not have the resources to find a certified provider. Your organization should research health care providers for your expatriate. The expatriate may not foresee needing medical care while on foreign assignment; however, no one can predict a medical emergency. Your expatriate will value your recommendations in seeking care, especially in an emergency.

One of the other challenges of seeking care out of the country is that some medical procedures performed in the United States are not the same as the procedures performed outside the country. Your employee will need to verify your medical plan covers services performed out of the country. Procedures commonly performed out of the country may be considered experimental in the United States, and your health plan may not cover them.

Language differences can also lead to problems. If expatriates are not fluent in the language of the country, they may have difficulty finding a provider they can understand. Even though many providers may speak English, their English may not be good enough for a clear, understandable dialogue on a medical condition.

Your organization needs to anticipate medical care issues that may arise for employees on foreign assignment. Investigate providers and offer expatriates recommendations, including contact information. To find acceptable providers, consult with other organizations that may have expatriates operating in the same area. Organizations that have a number of expatriates typically have researched sources for routine and emergency medical care.

### **Delivering Comprehensive Benefits to Your Expatriates**

The medical coverage your organization offers your United States employees may not be the best for expatriates. Seeking care outside the country and paying for that care can be difficult. If your organization expands globally, design a comprehensive benefit arrangement that covers all employees. Employ-

ees working in another country will have many hurdles to overcome. They will have to spend time learning the customs and the language of their host country in order to be successful. Your expatriates have enough stress without having to worry about their benefits.

Medical benefits are probably one of the biggest concerns for your employees working abroad. Your organization can purchase medical benefits from a carrier that specializes in providing benefits to expatriates. Several carriers, including Blue Cross Blue Shield and CIGNA, offer expatriate benefit programs. The programs are typically fully insured and offer comprehensive health benefits.

Expatriate benefit plans have provider networks in many countries and are designed to pay benefits in those countries. Because their claim systems do not rely on the CPT-4 and ICD-9 codes used in the United States, they can process out-of-country claims more efficiently and more quickly.

These carriers have payment terms set up with their network providers. If expatriates use a network provider, they need only an insurance card. The provider will bill the carrier, similar to the process in the United States. If expatriates use a non-network provider, the international benefits carrier works with the provider so that your expatriate need not pay at the point of service.

Many expatriate benefit carriers communicate regularly with their insured expatriates. Claim information is generally available electronically. Customer service opera-

tors are always available. This year-round staffing is a great benefit for your expatriate. With time differences in various countries, having this access is important to serving an international client base.

In addition, most expatriate benefit insurers offer translation services to help expatriates understand the services provided. Many carriers will provide translation services in care settings. If an expatriate does not speak the language of his work country, having access to a translator around the clock will be essential to receiving appropriate treatment.

Benefit plans designed to cover out-of-country care are typically fully-insured. Most carriers will offer the benefits if one or two expatriates need coverage. Many carriers cover any services your expatriates receive in the United States using their network. The coverage is typically seamless to cover the employee while working abroad or returning to the United States for a short time.

The rates for these plans may be higher than the rates for the plan you provide your U.S. employees; however, their ability to specialize in international claim payments is essential to providing your expatriate employees comprehensive medical coverage.

Along with medical benefits, your expatriate may also need dental coverage, especially if your expatriate is working on a long-term project. Your United States dental carrier may be able to reimburse your expatriate adequately. Because dental benefits typically include an annual benefit limit, it may not be a hard-



ship for your expatriate to pay for dental expenses out-of-pocket. It still will take a while for your carrier to process the claims. Many international medical benefit carriers offer dental coverage as well.

Expatriate life insurance is another benefit you will need to consider. The standard life insurance contract may cover only those employees working in the United States. Ask whether your life insurance will cover an expatriate. Even if your contract is designed to cover only employees in the United States, your carrier may agree to cover expatriates as well. However, this coverage may be available only in certain countries. If your employee will be working in a country with an unstable, volatile environment, the life carrier will likely deny coverage to your expatriate. For that reason, you should obtain written confirmation of coverage from the carrier.

If your life carrier will not cover your expatriates, a carrier specializing in international benefits may be willing to extend coverage. Some international medical plan carriers will offer life insurance as well.



Disability benefits and workers' compensation benefits also should not be overlooked. Again, your carrier may not cover an employee working outside the country currently, but may agree to do so.

If your current carrier agrees to extend coverage to an expatriate, you should not lose sight of that exception. If you decide to select a different carrier during your annual review, you need to make sure the new carrier will cover expatriates before you make the transition.

Also, if your employees work in volatile countries suffering from political unrest, you may need an organization to provide emergency services for them. One such organization is SOS. SOS will evacuate expatriates for medical or safety reasons. During the recent unrest in Israel and Lebanon, SOS was able to evacuate many expatriate employees much more quickly and with less uncertainty than the United States government could.

Benefits are a key consideration for your employees working abroad for any length of time. The plans meant for local employees will likely not work well in other countries. Your

organization should find a carrier offering international comprehensive coverage for expatriates.

## Conclusion

More and more organizations are expanding their operations into other countries. Becoming a global company frequently means that you will ask a few local employees to work abroad on various projects. Work projects could last as little as a few days or as long as two or three years. If you ask your local employees to work abroad for a month or longer you should investigate the benefits they will receive.

Most local benefit plans do not work well internationally. This coverage gap could be devastating if your employee has a medical emergency and needs treatment. Employers committed to expanding globally often seek carriers able to provide benefits in many countries around the world. These international benefit carriers are a good fit for providing coverage to your expatriates.

If you have any questions regarding international benefits, please contact your McGraw Wentworth Account Director. **MW**

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