



# BENEFIT *Advisor*

## In This Issue

*In this fifth issue of the McGrawWentworth Benefit Advisor for 2008, we will discuss employee benefits in a global market. The advent of many different technological advances has meant employers can operate more easily around the globe. As your organization expands or operates in other countries or sends employees abroad to work on projects, it must consider their unique benefit needs. Global benefit needs are not limited to expatriates. Your organization may also want to cover inpatriates, foreign nationals and even short-term business travelers.*

*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).*

## “Benefits in the Global Marketplace”

As organizations expand globally, Human Resource departments across the country face unique challenges. Most other countries have government-sponsored socialized medical programs. These plans are usually not as comprehensive as group health plans in the U.S., and they typically ration care to control cost.

Human Resource departments struggle to find the best way to cover their employees while working in other countries. Organizations have many health care options to consider when employees travel abroad in a work capacity. This *Advisor* discusses the following benefit issues critical to global benefit coverage:

- Types of International Travelers
- Expatriate Coverage
- Inpatriate Coverage
- International Business Traveler
- Key Local Nationals

Typically, the decision to expand into other countries comes from the C-suite. Executives often make these decisions without considering the issues involved in providing benefits abroad. This *Advisor* offers ideas to help you understand the global benefits available for certain employees.

### Types of International Travelers

Your organization may have an international coverage situation and not even be aware of it. Examples of the many different types of international travelers that could benefit from global benefit coverage include:



- **Expatriates or Expats:** Employees that live and work outside their home country generally

for more than six months. This category includes an American working for an extended period in another country such as Germany, Mexico, India, and so on. It can also include third country nationals, an employee from one country working for an American company in another country; for example, a French citizen working for an American company spending a period of time in another country, such as India.

- **Inpatriates or Inpats:** Citizens of other countries working in the United States; for example, a German citizen working in the United States typically for six months or longer.

- **International Business Traveler:** Employees who travel frequently or reside outside the home country on short-term assignments, typically less than six months.
- **Key Local Nationals:** Executives, partners or high level managers that work in their home country outside the U.S. or Canada. These employees are important advocates for an organization trying to build a presence in another country.

At some point, these types of employees will need medical services. Their experience in seeking care and having care covered will strongly affect their impression of your organization. Your challenge is making sure these employees know what to expect when they seek care and know how to handle coverage for that care.



### Expatriate Coverage

Organizations have a few options when they need to cover expatriates:

1. Keep expats enrolled on the domestic health plan.
2. Cover them through an international plan for expats.

3. Purchase an international plan designed to supplement the domestic health plan.

Each of these options has pros and cons to weigh as your organization evaluates your expatriate coverage needs.

#### Coverage on the Domestic Health Plan

If an employee is eligible for coverage under your health plan for U.S. employees, you can cover that employee under the domestic plan. You

need to verify the plan will cover expenses incurred outside the U.S., but it is fairly typical to provide this coverage. If your plan is self-funded, you should verify your stop loss carrier will cover employees outside the country. Employers choose this route because it is easier to administer or because they do not have enough expats to purchase an international plan. Many international benefit plans require a minimum of two covered employees.

Coverage under the domestic plan is an available option, but there are a number of issues involved if an employee seeks care outside the U.S. Some factors to consider include:

- **Language barriers:** If employees are not fluent in the

language, how will they describe their symptoms and understand treatment options? It will be a challenge to get appropriate care with a language barrier.

- **Health Care Facilities:** Are there quality health care facilities located near the office and the expat's home? Quality can vary widely depending on location. It can be very alarming for an expatriate using a foreign medical facility, if that facility does not meet typical American sanitation and care standards. To find the best providers, ask other companies with large expat populations in the area which providers they recommend.
- **Payment Challenges:** Foreign health care providers usually do not accept an insurance card or agree to bill the carrier for the services your employees receive. Although some carriers have a limited out-of-country hospital network that will recognize a carrier's card, it is fairly uncommon. When using a foreign health care provider your expat will need to be ready to pay for care at the time of service.

After paying the bill, your employee will need to submit the claim to your domestic carrier. These foreign care claims create time-consuming challenges for the insurance carrier. The first challenge is the language barrier. If the bill is not in English, the carrier needs to hire a translator. The second challenge is that foreign health care

## NOTABLE THOUGHTS

**HIGH EXPECTATIONS ARE THE KEY TO EVERYTHING.**

**SAM WALTON (1918-1992)**  
**FOUNDER OF WAL-MART AND SAM'S CLUB**

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providers typically don't use the American coding system. All American health carriers require providers to use the ICD-9 (diagnosis code) and CPT-4 (procedure code). For a foreign provider the carrier must assign the appropriate codes. Finally, the customer service hours for domestic carriers may not meet the needs of an expatriate located in a different time zone. This alone will frustrate expatriates trying to get a carrier to pay a bill for treatment in another country.

It can take up to two months to get a foreign provider's bill paid through a domestic carrier. You should explain these challenges to your expatriates so they can expect the longer processing time.

- **Experimental or Treatment Not Approved:** Foreign medical procedures can be different from treatments approved in the United States. This difference can cause problems for an expatriate seeking care in another country. The foreign provider may offer a treatment considered experimental in the U.S., and your insurance plan may not cover it.

While your domestic insurance carrier may offer coverage in another country, your expats need to be aware of the challenges involved. Any problems you can identify and help resolve before your expat needs health care would be greatly appreciated.

Medical coverage is not the only benefit you need to review when you place an employee on a foreign assignment. You need to consider life and disability insurance coverage limits as well. Many carriers will cover U.S. citizens working abroad for only one or two years. Be sure to get your life and disability carrier's approval before you cover expats. Your contract may limit this coverage. Carriers will also want to know what country the expat will be working in – the less stable the country, the less likely the carriers will offer coverage if their contracts limits coverage outside the United States.

#### **Coverage through an International Plan**

You may decide to purchase coverage through an international benefits carrier.

These plans are separate from your domestic health plan. International benefit plans are designed to provide benefits in many countries. The advantages of working with an international benefit plan include:

- The carrier may either offer a list of credentialed foreign health care providers or recommend quality certified providers abroad. Expats appreciate this benefit because it is very difficult to find certified health care providers in another country.
- Many carriers have direct payment options or quick turnaround for claim payments. Foreign health care providers recognize and will, in many cases, accept the insurance card instead of

requiring expats to pay at the point of service.

- These plans' core business is paying claims from various countries. Therefore, their claim paying process does not require the CPT-4 codes and ICD-9 codes. Claims are paid more quickly.
- Expats have seamless coverage when they travel to other countries or back to the United States for brief stints. Be sure to ask whether your carrier provides this seamless coverage – it is fairly common, but some carriers do not offer this benefit.
- Some carriers have discount agreements with various foreign health care providers. Expats can receive discounts when they use these providers.



- These plans provide round-the-clock customer service, unlike most domestic carriers. This feature can be a major advantage

because of the differences in time zones. Expats can easily call or even e-mail many of these carriers.

- These carriers also have translators and currency exchange services to help expats receiving and paying for care.
- These plans offer pharmacy services and expertise in foreign countries. Because drug names vary from country to country, receiving treatments or looking for something as simple as a refill can become difficult.

International plans solve most of the problems domestic carriers face when they pay for foreign care. In some cases, these plans have canned plan designs so you may not be able to duplicate your domestic plan with an international carrier. The more lives your organization insures under the plan, the more flexibility the international carrier will have.

Your organization will need to watch out for specific contract provisions, for example, pre-existing condition limitations. Also, if the contract is situated in the United States, it will be subject to all state and federal laws governing group benefit plans.

These international carriers sometimes offer coverage in addition to medical benefits. They may offer dental, limited life and limited long term disability coverage. Short-term disability coverage is generally not available in the international market.

In many cases, international carriers will be the best option if you need to cover expatriates. A number of carriers offer this international coverage, including AETNA, CIGNA, BCBS, AIG, and so on.

### ***International coverage to supplement domestic plan***

An international benefit carrier may not be an option for your organization. If that is the case, you may want to consider purchasing an International SOS plan as an overlay to the benefits your domestic group health plan provides.

International SOS is a vendor that helps people traveling outside the U.S. The services it offers include:

- Access to a network of credentialed medical providers.
- Pre-travel assistance.
- Medical guidance and counseling.
- Repatriation and evacuation services.

International SOS is a prominent firm providing valuable assistance to international travelers with medical needs. It also provides quick evacuation from unstable countries in turmoil. It does not, however, cover the actual medical care received.

Your domestic plan will be responsible for covering claims. It simply provides a service to help travelers find quality medical care in other countries.

### **Inpatient Coverage**

You may also need to consider covering your inpatients, employees from other countries coming to work in the U.S. for an extended time, typically six months or more. Most other countries have government provided medical plans. However, these plans provide very limited coverage for people traveling outside their country.

Your organization can consider the following two options for covering inpatients:

- ***Cover them under the group health plan for U.S employees:*** Begin by reviewing your plan to determine whether your group health plan can cover these inpatients. Some plans may exclude or limit coverage for non-U.S. citizens. If you are going to offer life or disability coverage, you need to make sure these employees can be covered. Since these employees will not have social security numbers, you will need to create a "dummy" social security number they can use when they enroll.

Beware of the potential for overuse. The U.S. health care system allows easier access than government sponsored plans. An inpat may be excited about the opportunity to control care and may enthusiastically take advantage of the health plan services.

- ***Coverage through an international plan:*** International plans can be an option for covering inpatients as well as expats. One of the benefits using an international benefit plan is the risk for an inpatient is shifted to the international carrier. The inpatients' claim experience is charged against the international plan and it manages much of the process Human Resources would normally handle for the domestic group health plan. These plans also provide seamless coverage between needs in the United



States and health care needs in the home country. The drawback, however, may be the cost. The cost of covering inpatriates under international plans is usually much higher than the cost of covering expatriates under these plans. It makes sense; health care in the United States is much easier to access, and it is the most expensive health care system in the world.

It is a good idea to review the options before you decide which one will be the least expensive for inpatriates. One thing is certain; you need to consider the benefits you will offer these employees. In many cases, once employees leave their home country, they will not have benefits under the government plan and they will need these benefits when they start work in the United States.

### International Business Traveler

High level executives often travel to other countries on business but stay less than six months. They may not meet the requirements to be covered under an international benefits plan, but they will still need insurance coverage if they become ill or get hurt while traveling abroad. You should ensure they can obtain medical care easily.

Here are several options you may want to consider for frequent international business travelers:

- **Domestic group health plan:** If your plan covers services outside the country, this coverage is certainly an option. The challenges, however, are the same as the ones discussed in the section on expatriates. If this is the

option your organization chooses, you may want to do additional research in the areas your business traveler frequently visits. In these situations, if an employee needs health care abroad, it is usually an emergency and you want to make sure the traveler can find quality treatment facilities quickly.

- **International SOS plan to overlay domestic plan:** You can purchase International SOS services for groups or individuals. These services help foreign travelers get safe and effective treatment when a medical emergency occurs abroad. They also offer evacuation and repatriation benefits. This plan is a nice addition to your existing domestic group health plan because it will help your employee in a difficult situation when traveling abroad.

- **International business travel plan:** These plans cover health care for business travelers. The policy can be written to cover one or more employees. The policies typically have minimum premium requirements so they may not be a cost-effective option if you are covering only one frequent business traveler. Coverage is based on the number of days the individual or group of employees spend traveling out of the country. The annual premium is based on the projected number of days your employees are expected to travel during the year.

These business travelers remain covered under your group health plan for the entire year. However the international travel plan is used for benefits if they need medical services while traveling out of the country. These travel plans offer similar benefits to the international coverage for expatriates. They help employees find quality care providers, pay international claims, and offer 24-hour customer service.

Again, these plans don't offer life and disability coverage, so you need to make sure your domestic plan still covers your employees, even when they travel out of the country frequently.



Domestic group health plans are not designed to work seamlessly when employees receive health care in other countries. If you have ever had to help someone find medical care and pay a claim for care outside the country,

you are well aware of the challenges this care presents and the length of time it takes to receive a claim payment. If you have key employees that regularly travel out of the country on company business, you may want to cover them under an international business travel plan.

## Key Local Nationals

Key local nationals may be the most difficult people to cover in the global marketplace. The challenge is these employees are eligible for and receive benefits under their home country's plan. This coverage, however, is typically not as comprehensive as the coverage employees under the domestic group health plan receive. Since key local nationals play a pivotal role in the success of the organization's location abroad, it is important they receive benefits that reflect their importance.

Every country has different benefit plans and different shortfalls in coverage. With key local nationals, the health plan as well as retirement and disability protection are important.

To enhance benefits for a key local national, an employer should work directly with an international benefits specialist. These specialists have detailed knowledge of various foreign national benefit arrange-



ments and are experts in purchasing products to supplement and improve national benefits.

## Conclusion

Your organization may be expanding to other countries. As part of that expansion, key employees are often temporarily sent to work out of the country. In many cases, these assignments can last for more than a year. While your employees may

be covered under the domestic group health plan, that coverage may be difficult to access while they are out of the country. In addition, your employees may struggle to find quality care

from a credentialed health care provider in another country.

As your organization expands to other countries, you need to become better acquainted with the options available for providing comprehensive coverage in those countries. This *Advisor* has provided many ideas to help you find the best resources for your employees working abroad.

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

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