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Medical Plans: The In's and Out's of Providing Medical Coverage to a Mobile Workforce

As companies continue to ask employees to work and live outside their home country location for short term and extended periods of time, they are recognizing the need to provide medical coverage for employees as a component of a comprehensive mobility program. In addition to providing financial and logistical assistance, mobility programs are also designed to provide for the health and welfare of the company's employees and their accompanying family members. Health and welfare may extend to medical care, travel assistance, security assistance, emergency evacuation, and similar assistance. Of these, medical care coverage may be the most important aspect of a mobility program, but typically given the least attention. Generally, this is because there is an expectation that the medical plan the employee is under in the home location will extend to the host location, but this is not always the case.

This article will discuss what medical plans and medical plan providers are available to companies to ensure their mobile workforce is provided an appropriate level of medical coverage while working and living outside their home location on company business. The article will also address how to design and fund a global medical plan.

Medical Plan Options

Companies can ensure their employees and accompanying family members have medical coverage while they are working and living outside their home location by having employees remain on their home location medical plan or

by moving onto the medical plan of the host location. Both of these options may work, but what if...

- The employee's home medical coverage will not extend to the host location?
- The host location will not cover the employee on the host plan since the employee is not a permanent resident of the host location?
- Private (company-arranged) medical coverage is required prior to the issuance of a work visa?
- Coverage is available in the host country, but it is not as comprehensive as what the employee had in their home country?

For these reasons, companies may need to consider an alternative medical plan so they can select the appropriate coverage for their employees. With each medical option, it is largely up to the company to determine which medical benefits and level of coverage are appropriate. Most medical plans are paid for by the company and the company serves as the sponsor (or organizer of the benefit plan). Each company needs to decide and state within their mobility policies if the company covers the medical plan premium costs on behalf of the employee or if a portion of the premium costs will be the employee's responsibility.

The three most common medical plan options are:

- Emergency medical insurance plans
- Supplemental "top up" plans
- Global medical plans

Each of the three medical plan options will be explored in detail in this article.



Emergency Medical Insurance Plans

Sometimes referred to as travel insurance or travel medical insurance, this medical plan is generally limited to emergency medical services. It is typically used for travel or assignments which require the employee to be outside their home location for less than 180 days. Employees would remain covered under their home location medical plan so this is not intended as a comprehensive solution, but only in the event of a medical emergency while traveling on company business.

Scope of Coverage

Emergency medical insurance plans are considered supplemental plans. This means that coverage is often limited in the amount and scope of coverage. Emergency medical services would only be covered if the services were incurred outside of the employee's home location. A typical emergency medical insurance plan might provide \$250,000 in covered emergency medical services. Routine medical care and preventative types of services are excluded, as well as claims for non-emergency

medical conditions. Some pre-existing medical conditions may not be covered. Additional exclusions such as medical services resulting from intoxication, or injuries resulting while committing a criminal act, are generally excluded.

Support is generally available through a 24/7 global customer service center with multi-lingual language capabilities and multi-cultural customer service representatives. Claims are processed in a number of different languages and are reimbursed in multiple currencies via electronic funds transfer. An interactive and comprehensive web portal is generally a component of all emergency medical programs. A medical referral service is generally available that helps direct employees to an appropriate medical facility.

Insurance Carriers and Premium Cost

A number of carriers offer emergency medical insurance plans including: Aetna International, AIG Travel Guard, CIGNA International, GeoBlue, MetLife and Zurich. Although these are primarily U.S. insurance carriers, they typically provide coverage in all countries.

The typical emergency medical insurance plan is purchased as a “blanket policy” which means that the insurance company does not need to know the exact name or number of business travelers. Instead, the company provides the insurance company with an estimated number of travel days and an estimated number of international business travelers and an annual premium is assessed. These policies are generally inexpensive.

Supplemental “Top Up” Plans

A supplemental “top up” plan is a company-sponsored (or company provided) private medical insurance plan. It is a supplemental insurance plan designed for instances where an employee received a certain medical benefit, such as vision coverage, in the home location but the same benefit is not available under the host location medical plan. Through the purchase of a supplemental “top up” plan, the company would be able to closely replicate the type and

level of coverage that was provided in the home location.

Impact of Social Security Treaties

Due to reciprocal social security treaties between some countries, such as the European Union member countries, employees may be able to access the government social system of the host location and receive very similar medical benefits to those of their home location. A government social system is public medical coverage provided to all residents of a country and is free of cost to the residents because the costs are covered through general taxation. In some instances, a supplemental “top up” plan is all that is needed to provide the employee and accompanying family members with very comparable and comprehensive medical benefits to what they had in their home location. This option may be a much more cost effective solution compared to a global medical plan and may be just as effective.

Insurance Carriers and Premium Cost

The typical supplemental “top up” plan will be priced by the insurance company based on the plan design and demographic characteristics of the covered group of employees. So the age, gender, family size and home/host locations will impact the pricing of these policies. In general, a “top up” plan will be quite a bit less expensive than a global medical plan because it is only providing medical coverage over and above what is already being provided by the underlying government social system. Many supplemental “top up” plans are regional and may only apply to a designated group of the mobile workforce. This may result in a lower cost since the coverage may not be intended to provide worldwide coverage.

The carriers who provide supplemental “top up” plans may be regional in nature, such as Axa, British United Provident Association (BUPA), Generali or Zurich or they may be provided by U.S. carriers such as Aetna International or MetLife.



Global Medical Plans

Global medical plans are also referred to as expatriate medical plans, global healthcare plans or global health plans.

Global medical plans are designed specifically for the unique medical needs of employees and their accompanying family members who are working outside their home locations for periods greater than 180 days. Global medical plans are designed to replace the coverage that the employee had in their home location and provide coverage in any location the employee and their accompanying family members may work or live while on company business. Coverage is generally available worldwide and is intended to be used for both routine/preventative medical care, as well as emergency care.

Global medical plans usually have comprehensive benefits which incorporate medical coverage (such as hospitalization coverage, surgical procedures, physician services, routine office visits, and outpatient procedures), or healthcare, such as prescription drug coverage, dental, and vision coverage. Life insurance, disability and accident insurance coverage may be added by the company to provide for a more comprehensive global benefits program. Global medical plans provide consistent coverage to all employees regardless of home and host location, so employees do not have to change plans or carriers should they travel or live in multiple locations.

Unique Features of Global Medical Plans

Global medical plans are sensitive to host location customs and medical protocols as well as regulatory compliance. They include unique features which would not typically be included in a home medical plan. These features include:

Customer Service: A concierge level of customer services which includes:

- 24/7 global customer service center with multi-lingual language capabilities and multi-cultural customer service representatives

- Claims processing in a variety of languages
- Claims reimbursement in multiple currencies via check, wire transfer or electronic funds transfer
- Interactive and robust web portal
- Provider direct payment arrangements

Specialized Medical Programs: Global medical plans often include a number of specialized medical programs specifically designed for employees and their accompanying family members. These programs include:

- International Employee Assistance Programs (IEAP)
- Comprehensive health management programs
- Global wellness programs

Most global medical plans include an International Employee Assistance Program (IEAP). These programs offer confidential, 24/7 assistance with work/life balance issues that provide help to the employee and their accompanying family members. An IEAP helps employees and family members in managing daily demands and situations which may be magnified by the challenges and stresses of working outside the home location. Typical programs would include five face-to-face sessions with a counselor, per family member, per year.

Comprehensive health management programs are available to provide tailored programs and individualized treatment protocols for a variety of medical, surgical or trauma related illnesses and injuries. These services can be especially helpful when in the planning stages of preparing for an international assignment, particularly in situations involving chronic medical conditions such as diabetes, coronary artery disease or asthma. These conditions may be even more challenging to manage while working outside the home location.

Global wellness programs can range from lifestyle-related programs, addressing issues such as smoking and

weight management, to more comprehensive programs including disease management programs for chronic conditions such as asthma or diabetes. Maternity management programs that provide support for employees and/or their spouse during the pre-natal period up to and through delivery are also common types of global wellness programs.

Insurance Carriers and Premium Cost

The cost and funding of global medical plans are influenced by a number of factors including:

- Plan design
- Whether the coverage is available worldwide
- Demographic characteristics of the covered employee group (age, gender, family size, home and host locations)
- Plan exclusions

As a general rule, the more generous the global medical plan and the broader the coverage, the more costly the plan. The majority of global medical plans are fully insured which means that the insurance company establishes a monthly premium rate and assumes the risk if claims exceed the premiums paid.

The majority of global medical plans that provide comprehensive worldwide medical coverage are underwritten by U.S. insurance carriers. These carriers include: Aetna International, CIGNA International, GeoBlue, MetLife and UnitedHealthcare International. Though these are U.S. insurance carriers they typically provide coverage across all countries.

Some global medical plans will allow the company to exclude certain countries from coverage. This can be a good cost reduction technique if the company does not do business in certain countries, or if the cost of coverage in certain countries is extremely high. For



example, medical services performed in the U.S. are some of the most expensive in the world, so if services provided in the U.S. can be excluded from the policy, this will reduce the monthly premium cost significantly.

Determining The Appropriate Medical Plan

There are several factors a company should consider when determining the appropriate type of medical plan for their mobility program. These factors include:

- Duration of Time Outside the Home Location - the longer the duration the employee is outside the home location, the more likely the employee will need a comprehensive medical plan such as a global medical plan.
- Family Status - if family members accompany the employee, then often a medical plan providing benefits to all family members would need to be offered.
- Comparable Coverage in the Host Location - if treaties exist between countries that will allow employees to utilize the government social system of the host location and if the coverage level is comparable to home country coverage, no additional medical coverage may be needed or perhaps only a supplemental "top-up" plan is needed.
- Home Medical Coverage Extended to Host Location - if the home location medical coverage will extend to the host location and there are minimal administrative burdens on the employee (such as claim adjudication and expense reimbursement complications), no additional medical coverage may be needed.
- Location and Quality of Care - the availability and quality of medical care in the host location will determine whether a comprehensive medical plan, such as a global medical plan, is needed.
- Legal Requirements - any legal requirements in the host location requiring that private medical coverage be

secured prior to the issuance of the necessary immigration documentation would need to be determined.

- **Company Philosophy** - does the company believe they should replicate the level of medical coverage that the employee had in their home country? Should the coverage level while the employee is working outside their home location be more generous? Should employees be asked to share in the cost of their medical coverage? Should all employees working outside their home location have the same level of medical coverage?

The answer to these questions will help shape the type and nature of medical coverage provided to a company's mobile workforce.

Emergency Medical Evacuation and Repatriation Assistance Services

Regardless of the type of medical plan that is selected by a company to provide for the medical needs of their mobile workforce, medical evacuation and repatriation assistance is a prevalent feature or service that is generally included along side or as a component of a medical program. An emergency medical evacuation may be necessary if the appropriate treatment facility or medical personnel are not available in a particular location. In this situation, the patient is usually evacuated to the closest available medical facility that provides the necessary treatment. Repatriation services are generally included which arrange medical transportation home after treatment.

In the unfortunate circumstance of the death of an employee while traveling on business or on an assignment, repatriation of mortal remains is an important component of a comprehensive travel assistance program. Transporting a body across borders can be quite complex because of the need to secure the necessary legal death affidavits and the necessary customs clearances. Due to differing religious beliefs, this often must be done in a very short period of time and can be critically important to the employee's family.

Assistance companies who provide these types of services include: International SOS, Frontier/MEDEX, On Call International, AIG/Chartis, Zurich, Europ Assistance and AXA Assistance.

New Rules Applicable to U.S. Expatriates and U.S. Inpatriates

The U.S. healthcare system is undergoing significant regulatory changes with the passage of the 2010 Patient Protection and Affordable Care Act (PPACA). These new regulations involve sweeping changes that require "sponsors" of group medical plans (such as private employers) to comply with a plethora of rules including minimum coverage requirements, new eligibility requirements, minimum funding requirements,

etc. While many aspects of the new regulations are slowly being phased in (the applicability to global medical plans is delayed until December 31, 2015), it appears highly likely that these regulations will be applicable to both U.S. expatriates and U.S. inpatriates who are tax residents of the U.S. This is something that all mobility professionals must keep on their radar and begin having discussions with their medical providers. It is expected that many policies will need to be rewritten due to changes in coverage and plans.

Conclusion

There are many things companies need to consider when deciding on the type of medical plan to extend to their employees who are traveling outside their home location on company business or on an international assignment. The number of days of travel, host location, quality of medical care in the host location, and whether family members will accompany the employee will all factor into the company's determination of the appropriate type of medical plan to offer.

The home/host location combination may also factor into whether a global medical plan is the best alternative or whether a plan that supplements the government social system is all that is needed to provide adequate coverage.

Medical costs can be a very large cost component of a mobility program, but it is also one of the most important aspects of the program due to the significant and personal impact it has on the employee and their accompanying family members.



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