

Exchange Visitors: Health Insurance Requirements

Purpose

This handout explains the need for health insurance in the United States and outlines the minimum provisions of the coverage required of J-1 Exchange Visitor and their dependents by the federal government. It also defines some of the terms generally used in discussions of health insurance.

Intent of the Requirement

As an Exchange Visitor in the United States, you must carry health insurance for yourself and your J-2 dependents for the full duration of your J program. Government regulations stipulate that if you willfully fail to carry health insurance for yourself and your dependents, your J-1 sponsor must terminate your program, and report the termination to the United States Department of State (DOS).

The Need for Health Insurance

It is dangerous to be in the United States without adequate health insurance. Although in many countries the government bears the expense of health care for its citizens, and sometimes even for visitors, individuals and families in the United States are responsible for these costs themselves. Insurance gives you access to better and more timely health care – most medical offices will not treat you without insurance except in emergencies – and provides the only protection against the enormous costs of health care in this country.

How Medical Insurance Works

When you purchase health coverage, the money you pay (your premium) is combined with the premiums of others to form a pool of money. That money is then used to pay the medical bills of those participants who need health care. Your coverage remains valid only as long as you continue to pay your insurance premiums.

Once you purchase insurance, the company will provide you with an insurance identification card for use as proof of your coverage when you are seeking health care from a hospital or doctor. The company will also provide written instructions for reporting and documenting medical expenses (filing a claim). The company will evaluate any claim that you file, and make the appropriate payment for coverage under your particular policy. In some cases the company pays the hospital or doctor directly; in others the company reimburses the policy holder after he or she has paid the bills.

Choosing an Insurance Policy: Meeting DOS Requirements

KGI may offer you insurance as a part of a benefits package. However, it is important to note that the Department of State (DOS) has mandated certain minimum policy coverage requirements that may not be included in the plans offered by KGI. These requirements are as follows:

- The policy can not set a maximum lower than \$50,000 in benefits for each accident or illness.
- \$500 deductible maximum per accident or illness. Most insurance policies require you to cover a flat rate portion of each bill before the company pays anything – this is called the deductible. Many policies offer a lower, more advantageous deductible than is required by DOS.
- Minimum 75% co-insurance. Usually, even after you have paid the deductible, an insurance policy pays only a percentage of your medical expenses. If, for example, a company offers an 80% co-insurance, this means you are responsible for the deductible plus the remaining co-insurance of 20%. In other words, if you incurred \$3,000 in medical expenses, a policy with a \$400 deductible and 20% co-insurance would cover \$2,080 ($\$3,000 - \$400 = \$2,600$. 80% of $\$2,600 = \$2,080$). This means your portion of the original \$3,000 bill would be \$920).
- Minimum repatriation benefits of \$7,500. If you should die in the United States, repatriation provides benefits to send your remains to your home country for burial.
- If, because of a serious illness or injury, you must be sent home on the advice of a doctor, the policy must pay up to \$10,000 for the expenses of your travel.
- Exclusions. Most insurance policies exclude coverage for certain conditions or injuries. The J regulations require that if a particular activity is a part of your Exchange Visitor program, your insurance must cover injuries resulting from your participation in that activity. Read the list of exclusions carefully so that you understand exactly what is not covered by the policy.
- The policy may establish a waiting period before it covers pre-existing conditions (health problems you had before you bought the insurance), as long as the waiting period is reasonable by current standards in the insurance industry.
- The policy must be backed by the full faith and credit of your home country government **or** the company providing the insurance must meet minimum rating requirements established by DOS. These minimum rating requirements are 1) A. M. Best rating of "A-" or above, 2) an Insurance Solvency International, Ltd. (ISI) rating of "A-i" or above, 3) a Standard & Poor's Claims-Paying Ability rating of "A-" or above, **or** 4) a Weiss Research, Inc. rating of B+ or above.

In choosing an insurance policy, you should consider many additional factors:

- The reliability of the company. Does it treat people fairly? Does it pay claims promptly? Does it have staff to answer your question and resolve your problems?
- Deductible and co-insurance costs. In choosing insurance, you should think carefully about how much you can afford to pay out of your own pocket each time you are sick or injured, and weigh the deductible against the premium before you decide.
- Specific limits. Some policies state specific dollar limits on what they will pay for particular services. Other policies pay "usual" or "reasonable and customary" charges, which means they pay what is usually charged in the local area. Be very careful in evaluating policies with specific dollar limits; for serious illnesses, the limit might be far too low and you might have large medical bills not covered by your insurance.
- Lifetime/per-occurrence maximums. Many insurance policies limit the amount they will pay for any single individual's medical bills or for any specific illness or injury. Exchange Visitors must have insurance with a maximum no lower than \$50,000 for each specific illness or injury, which may be enough for most conditions. Major illnesses, however, can cost several times that amount.
- Benefit period. Some insurance policies limit the amount of time they will go on paying for each illness or injury. In that case, after the benefit period for a condition has expired, you must pay the full cost of continuing treatment of the illness, even if you are still insured by the company. A policy with a long benefit period provides the best coverage.

Where to Find Insurance Information

The Claremont University Consortium's benefits office can help explain the coverage available to staff/researchers. Read the policy information carefully and don't be afraid to ask questions before you buy. The public insurance market place in California can be found at: <http://www.coveredca.com/>. Exchange visitors are eligible to shop for Covered California plans, including Medi-Cal. Plans will meet the Affordable Care Act standards, including pre-existing condition benefits, but you will need to check to ensure that they meet the other requirements of the Department of State.

A Word on Insurance Agents

An agent is an individual who represents one or several insurance companies and sells insurance to individuals and groups, and can be very helpful in helping you select a plan that meets all the regulatory requirements. When working with an agent you should feel free to ask questions and take the time to learn about and understand several choices before you make a decision. If you are uncertain or confused, **don't sign anything**. Agents should be helpful and take your needs into consideration – if you at any time feel uncomfortable with your agent, you can stop working with that individual and consult a different person.