

## Changes in international healthcare

+++ Of course it's always easy making the right decisions with the benefit of hindsight. Knowing what we know now, far more companies would have seen the benefits of e-commerce, hot-desking and mobile technology. With hindsight, they would have ploughed money and resources into the development of websites, and made huge savings on the overheads of accommodation, as opposed to having to justify the expenditure to a sceptical management. +++

The greatest skill, of course, is not looking back, but to identify a new trend as it emerges. And international healthcare is no exception. Identifying a new trend, putting mechanisms in place to maximise the benefits of technology as it emerges, and creating strategic alliances in anticipation of legislative decisions before they reach the statute book – those are the skills that differentiate the excellent healthcare providers from the merely ordinary.

International assignments may still command a significant level of investment from an employer, but a new trend is certainly emerging in international PMI. In the past, research\* has shown that the health of expatriates and their families is a key factor in the success of international assignments for any multi-national organisation, and a firm's investment in international assignments is most likely to be safeguarded if assignees and their families are culturally prepared.

The new trend, however, is to remove the unknown quantity of families from the equation altogether. Once, a posting to Paris or Brussels would have made locating the whole family an automatic decision – with the added costs of relocation, international PMI costs for the whole family, and independent school fees. Now, the infrastructure of both affordable flights and Eurostar trains has made it possible for employees to commute on a Monday to Friday, or Monday to Thursday basis. And there are many other reasons why locating a whole family is no longer the automatic decision it once was. The world is not as safe as it used to be and therefore careful consideration regarding welfare as well as ease of travel all come into play when deciding who is assigned where.

When it comes to rating the claims experience of an international PMI plan, married couples, or family groups make far more claims than single people – often as much as six or seven times as many. This is influenced by a number of factors, the first of which is that employees tend to be healthier. The fact that companies can select employees for assignment also means there is

an element of screening in the assignment process. The fact that employers know their staff – their strengths and their weaknesses – means they understand and can influence the risks that assignees present to the business. When it comes to the family, they have no such influence nor control.

### Assurance of insurance

Expatriate healthcare also tends to be a source of assurance, as well as insurance. As a generalisation we know that while 12–15% of insureds will make a claim on their domestic PMI plan, that leaps to around 60% for international PMI. Without access to the free primary healthcare provided by the NHS in the UK, it is not a question of whether assignees and their families will use the important benefits, such as dental and vision, provided as part of a comprehensive International PMI plan, but of when they will use them.

Therefore the questions regarding the quality of each insurers' service provision and global reach must be vigorously tested and researched by companies when selecting the more appropriate insurer (aka service provider) for their expatriate workforce. No HR Director ever wants to receive that ominous call in the night to aide or assist a stranded expatriate with a poorly child, and no clue as where to seek appropriate healthcare or treatment. However service is not just answering a phone, it's also the other "back office" functions that provide a complete operation such as efficient claims settlement, to members or providers, clear information and communication material, "the whole nine yards" as they say!

The cost implications of providing a family with international medical 'assurance' can certainly be mitigated by adding low-cost 'wellness' benefits – offering routine physical exams, cervical smears, mammograms and prostate cancer screening. In many cases valuable 'wellness' benefits will add as little as 3-5 per cent of the premium to a standard international healthcare plan.



**Stephan Deutsch** ist Leiter Vertrieb Deutschland der CIGNA International Expatriate Benefits in München

The high level of utilisation, or take-up, for international PMI plans, also drives the level of medical inflation, which is widely acknowledged as running at approximately 10–15% a year (it varies between insurers) plus economic inflation. Added to which, the lower volumes and concentrations of international PMI members makes it difficult for insurers to negotiate the same level of discounts that can be achieved in locations where healthcare providers are providing treatment for many more patients, as is the case for many domestic insurers.

You cannot open a company’s annual report these days without seeing some mention of explorative work in either India, China or Hong Kong, to name but three, and as a result, there are corresponding increases in the cost of health provision in these regions when it comes to expatriate healthcare. Simple economics of supply and demand.

In some cases, innovative PMI providers have developed strategic alliances with the best local or national health insurer. By doing so, they achieve both the cost benefits of local network agreements and compliance with local healthcare legislation, in countries such as The Netherlands, Australia and the Middle East, where recent legislative changes have dictated that all employees must be covered by a local healthcare provider. In doing so, these insurers have also ensured that their members have cost-effective access to the highest quality national care, supported by the safety net of comprehensive global healthcare.

This is particularly important when it comes to the handling of large claims, say €20.000 and above. An insurer’s ability to manage and coordinate the members clinical requirements whilst at the same time ensure these cases are not exploited from a financial standpoint is imperative. With medical inflation a varying figure from one country to another, and an increase in the volume of large cases (not withstanding the overall increase in insurers’ portfolios) the need to have a reliable yet robust infrastructure to accommodate, efficiently and sympathetically handle and manage such cases is paramount within their overall service proposition.

**Safe and secure**

Security has also become an issue for consideration in sending families on assignment. With a global increase in kidnapping for ransom and extortion, expatriate workers are frequently viewed as easy targets. And it’s a risk that is on the increase in many areas of the world. For many years Columbia has been widely ac-

**Well, well**  
**Top 10 Benefits Requested by Assignees according to CIGNA**

- Pre-departure programme, including guides to destination country
- Vaccinations
- Member website containing online medical information from expert sources such as the World Health Organisation and the Centres for Disease Control and Prevention
- Maternity benefits
- Dental & Optical benefits
- Cover for out-patient treatment
- Access to complementary therapies
- Online pharmacy access
- Health support programmes, such as telephone access to a physician 24/7

knowledged as the kidnap capital of the world, but new hot-spots are constantly emerging, and there has been a shift in the nature of this dangerous crime.

Latin America is by far the most dangerous region of the world in terms of kidnapping. But while kidnapping may be a long-standing problem in the region, it is being addressed in some countries. Unfortunately, that is not the case in Mexico, which has emerged as the single most dangerous location for kidnapping, after significant increases in the 1990s. At the same time, Trinidad and Tobago, which would not have featured on the kidnapping radar just four years ago, have also emerged as hot-spots. They may be critically important to an employer’s business, but not all expatriates are assigned to locations that offer culturally enriching – or even safe – experiences for their families.

Ultimately, the decision as to whether or not to locate a whole family depends on the length and location of the assignment, but as the world shrinks, some assignments have simply become more commutable. Families don’t need to be uprooted and added to the employer’s international plan for a commutable posting in Europe. For those assignees, international PMI is as essential as it ever was. Adding their families to the equation is sometimes merely multiplying the potential exposure to claims. Employers, it seems, are simply recognising that fact.

\* Source: Helping expatriates achieve assignment success. 2002 Expatriate Survey. CIGNA International Expatriate Benefits, 2002.

.....  
 Stephan Deutsch