

Where in the World Are Your Employees?

Establishing a Global Health Care Benefits Program Can Improve Coverage and Save Money

By Dean C. Hatfield, CEBS, and Michele Manfreda



Although most U.S. companies are secure in the knowledge that their employees have adequate health care coverage when they travel in their home country, they do not know much about what happens when employees venture abroad for short-term business trips or to work as expatriates. In many instances, a tangle of insurance policies leaves both the company and its traveling employees unsure of what is and is not covered. Unfortunately, many companies that have recently expanded their business globally are not aware of this issue until a sickness or an injury occurs that its health care plan does not cover.

A growing number of companies with which Sibson Consulting works are taking steps to address this issue by creating a single, unified global health care benefits program that is designed to cover both long-term and short-term travel. (See the sidebar on page two, “Case Study: One Company’s Global Health Care Benefits Program.”) This article discusses what to consider during the process, including plan design, management and plan costs for both U.S. companies whose employees sometimes travel abroad for business and international/multinational companies with expats.

Plan Design

Before a company can design a global health care benefits program, it must define its goals for the plan. Although every company’s plan will be different, the overarching goal should be to secure the best possible care for traveling employees and their dependents (if applicable), to make it easy for them to access care and to keep them comfortable through the entire process. The company will also want to ensure the care is cost effective and that it accommodates people without having them return to their home country for care, unless it is absolutely necessary.

It is important to decide what specific benefits the company wants to offer both long-term and short-term travelers and then evaluate the coverage that is currently available to employees in each country in which the company conducts business. Foreign benefits will differ from those in the U.S. Although companies may not be able to mirror benefits across each country, knowing what specific benefits the company wants to offer its employees will help the company decide what it needs to do to adequately cover travelers and expats in each country in which it operates.

A company that is designing a global health care benefits program needs to coordinate benefits with government programs in each country in which it operates to prevent duplicate coverage or under-coverage, minimize costs and maintain compliance with country-specific statutory requirements. Some countries require companies to purchase an “admitted insurance policy.”¹ The company will have to work within the context of these plans and policies, perhaps adding a “difference-in-conditions policy”² to align the offerings with its global health care benefits program.

Other factors to take into consideration are each traveling employee’s length of stay in the country and whether he or she is traveling alone or with family. Some companies have

¹ Many countries have laws under which any risk in the country must be insured through an admitted insurance policy that is purchased from a company that is licensed in the country where the policy is purchased. The policy is purchased through a locally licensed agent or broker and its form and marketing are regulated by local authorities.

² A “difference-in-conditions policy” creates a uniform benefit worldwide. It acts like a wrap policy and adds additional coverage to the local country’s benefits where they differ from the company’s global plan design.

employees take physicals to ensure they are in good health prior to a long-term foreign assignment.

Another key to success is ensuring the global health care benefits program is adaptable and flexible. Once the plan is established, it should work for many years, with minor modifications. Moreover, once the company has established a program in one country, it often can be used as a template for others.

Plan Management

Designing a global health care benefits program requires extensive time and resources initially, but once a cohesive program is established it is much less labor intensive. Companies must thoroughly train those who are involved in executing the program and regularly test it to be sure it offers rapid, efficient and considerate coverage.

A global health care benefits program may be best managed by a single “owner” who can oversee its development and then manage it once it is established. This point person, who is typically in human resources (HR), should be from the domestic side of HR if most employees travel within the organization’s home country. But, if the most common destination is outside the company’s home country, the point person should be from the international side of HR.

Coordination is essential. The point person needs to gather and review coverage and cost information for every health, travel and accident policy the company has in every country in which it operates and then must analyze them to determine whether there is duplicate or under-coverage. Gaps in coverage can cause tremendous hardships and anxiety for employees temporarily assigned to work abroad. One strategy is to develop a centralized, online database of benefits, contracts

Case Study: One Company’s Global Health Care Benefits Program

A U.S.-based company has 16,000 domestic and 26,000 international employees in 15 countries. Before it designed and implemented a global health care benefits program, each country had its own independent benefits program. While some traveling employees had insufficient health care coverage, others had duplicate coverage, especially when traveling abroad. Realizing that this endangered employee health, raised costs, increased liability and caused time-consuming management problems, the company decided to develop a global health care benefits program. Here are some of the steps it took:

- **Named one person in HR as the point person** for all of the company’s international health benefits programs. This person reviews all contracts as well as all insurance and self-insurance payments to maintain quality, prevent duplicate coverage and avoid nonpayment of premiums.
- **Announced a global benefit plan**, allowing for minor deviations due to local needs. Although local offices can still present alternative programs, the HR point person must approve and then manage them.
- **Set up a worldwide website** to house all contracts and handle communications.
- **Established a global center that employees call before they venture outside their home country** to receive a “benefits kit” for the locations to which they are traveling. It includes information about the country’s medical coverage and a list of physicians and hospitals with doctors who speak the employee’s language. For employees coming to the U.S. for training, the call triggers the issuance of an ID card from the company’s self-insured medical carrier as well as a health claims report for tracking and pricing purposes. Self-insuring eliminated the cost of having a fully insured expatriate program.
- **Changed its accounting practices** to require that HR’s global benefits unit must approve all global benefits expenses prior to payment. This creates front-end visibility and a mechanism under which the company can maintain globally consistent benefits guidelines. It also gives the company a tool it can use to collect and analyze all expenses and uncover problem practices, which helps it fine tune the global plan to optimize efficiency.

The result is a consistent, yet locally respected, long-term approach to managing and measuring the health care benefits of the company’s traveling workforce. The company saves more than \$200,000 each month, on average. It has also reduced its liability exposure and cut the amount of time it takes HR to manage its benefits plan.

and costs for all programs worldwide. This will allow all worldwide offices to view the most current coverage policies and designs immediately, anywhere and any time their employees travel.

One important aspect of plan management is research — preparing information that expats and travelers may need while they are abroad. This includes emergency phone numbers as well as insurance data and contact information for qualified doctors who speak the employee's language.³ Some companies prefer to gather this information on their own, without the help of their insurance carrier, so they can fine-tune it for their employees. A few go so far as to collect recommendations from employees' hometown doctors for practitioners where they are relocating or traveling.

Just as important as collecting this information is communicating it to employees and their families. Most companies will give employees headed out of their home country an information packet. In some cases, employees must sign a form saying they have reviewed this data before they receive their tickets to travel. One effective strategy is to distribute wallet-sized cards that consolidate as much data as possible into a format people can carry with them at all times. The goal is to reduce if not eliminate the chance employees with health problems will make a misstep and then claim, "But I didn't know whom to call ...". Of course this information needs to be regularly updated and communicated to employees, especially those who are expats and have been abroad for more than a year. Clear guidelines that address coverage rules, claims and protocols for employees working abroad will be a useful tool.

Education is a key component of a global health care benefits program. Managers need to be trained to help direct employees to proper care and help prevent unnecessary trips home for services that are available in the host country. Travel agents can be trained to alert HR if an employee wants to book a medical-related trip home so HR can then contact the person to discuss his or her options.

Another important point, because there are risks involved with international work and travel, is to designate a crisis-management team. It must be small enough to be effective, large enough to be representative and senior enough to be compelling. Last, companies need to periodically review the adequacy of their administrative and employee support and evaluate the effectiveness of communication to participants and the HR community.

Plan Costs

One of the key advantages to establishing a global health care benefits program is that it will probably be cost neutral early on and then save money in subsequent years. Just coordinating a company's various insurance policies, eliminating duplicate coverage and identifying the least expensive options will generate substantial savings.

In particular, U.S. companies that self-insure their health care plans may be able to realize significant savings by maximizing the benefits available under these policies. Additional savings can result from insuring international travelers through an umbrella policy rather than purchasing local policies. An effectively managed program may be able to manifest tremendous advantages by bundling benefits either regionally or globally. Even the additional communications needed will cost far less than the money saved.

Companies need to identify the actions required to integrate the various programs to maximize the most favorable terms with insurers and service providers in terms of contract provisions and cost. This will maximize financial savings and ensure consistent risk governance.

³ Some companies rely on third-party administrators to provide this information. A few larger insurers offer "global hotlines" as part of their services — a single phone number that employees can call to coordinate medical referrals, prescriptions, insurance, emergency travel and other health care issues.

Other steps include deciding how to handle payments and monitoring and measuring the program's results. It is also important to minimize companies' risk exposure by preventing under-insurance or a lack of comprehensive protection. Additionally, companies must develop consistent accounting for global benefits, especially where specific accounting practices vary locally.

Once the global health care benefits program is in effect, traveling employees' expense reports should be scrutinized carefully to make sure they are not still expensing items that are now covered by insurance or traveling home or to other locations for health care that is readily available in the country in which they are living or working.

Conclusion

As businesses continue to globalize and health care benefits programs become increasingly complicated, a global health care benefits program is essential for protecting a company's employees as well as controlling costs. Any company that operates in more than one country needs a unified, strategic plan that guarantees that traveling employees are covered no matter where they are, eliminates both duplicate coverage and under-coverage, controls costs and ensures that employees are well-educated about and comfortable with their coverage.

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