

J-VISITOR EXCHANGE PROGRAM

INSURANCE REQUIREMENTS FOR EXCHANGE VISITORS

This handout is designed for Exchange Visitors in J-1 status and for J-2 dependents. It explains the need for health insurance in the United States and outlines the minimum provisions of the coverage required, as of September 1, 1994, for every person in J-1 or J-2 status. It also defines some of the terms generally used in discussions of health insurance.

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 Information Agency (USIA) at the State Department in Washington, D.C.

THE REASON FOR THE REQUIREMENT – AND THE NEED FOR HEALTH INSURANCE:

It is dangerous to be in the United States without adequate health insurance. In many countries, the government bears the expense of health care for its citizens and sometimes for visitors. By contrast, individuals and families in the United States are responsible for such costs. Since a single day of hospitalization and medical treatment can cost thousands of dollars, many hospitals and doctors refuse to treat uninsured patients, except in life-threatening emergencies. Most Americans rely on insurance, and you should do the same. Insurance gives you access to better and more timely health care and provides the only protection against the enormous costs of health care in this country.

HOW MEDICAL INSURANCE WORKS:

When you purchase health insurance, 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 participants who need health care. Your coverage remains valid only as long as you continue to pay your premiums.

Once you purchase insurance, the company will give you an insurance identification card for you to use when you seek care from a hospital or doctor. The company will also provide written instructions for reporting and documenting medical expenses (“filing a claim”). The insurance company will evaluate any claim you file and make the appropriate payment under your policy. In some cases, the company pays the hospital or doctor directly; in others the company will reimburse you after you have paid the bills.

CHOOSING AN INSURANCE POLICY:

J-1 Students are required to purchase the NMU provided insurance policy at a annual cost of U.S.\$645. The policy meets the requirements listed below.

Your J-1 sponsor may include coverage as part of sponsorship, without further charge to you. Alternatively, your J-1 sponsor may have selected and approved a specific policy for all its exchange visitors and may require you to buy that insurance as soon as you arrive in the United States. In many cases, however, you will be required to select and purchase your own insurance coverage. In choosing an insurance policy, you should consider many factors, not simply the minimum stipulated by the USIA.

- The reliability of the company. Does it treat people fairly? Does it pay claims promptly? Does it have staff to answer your questions and resolve problems?
- Deductible amounts. Most insurance policies require you to cover part of your health expenses yourself (your part is called the “deductible”), before the company pays anything. Under some policies the deductible is annual, and you pay only once each year if you use the insurance. Under others, you pay the deductible each time you have an illness or injury. The J regulations limit the deductible to \$500 per accident or illness, but many policies offer a lower, more advantageous figure. 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.
- Co-insurance or co-payment. Usually, even after you have paid the deductible, an insurance policy pays only a percentage of your medical expenses. The policy might pay 80 percent for example; the remaining 20 percent, for which you are responsible, is called the co-insurance, or co-payment. Thus, if you were injured and incurred \$3,000 in medical expenses, a policy with a \$400 deductible and 20 percent co-payment would cover \$2,080 (80 percent of \$2,600). The J regulations require the insurance company to pay at least 75 percent of covered medical expenses. That is, the co-payment can be no more than 25 percent.
- Specific limits. Some policies state specific dollar limits on what 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 of 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 costs 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.
- Exclusions. Most insurance policies exclude coverage for certain conditions. 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.

REQUIRED INSURANCE SPECIFICATIONS:

In addition to the deductible, co-insurance, and exclusions described in the preceding section, USIA has established the following requirements for the type and amounts of coverage you must maintain if you hold J-1 or J-2 status:

- The policy must provide ‘medical benefits of at least \$50,000 for each accident or illness,’ according to the regulations. Since insurance companies cover no more than the policy holder’s expenses (minus a deductible and, under co-insurance, a percentage), and never provide a minimum for each accident or illness, the regulatory text should have been worded differently. Presumably it was intended to mean that an acceptable policy cannot set a maximum lower than \$50,000 in benefits for each accident or illness.
- If you should die in the United States, the policy must provide at least \$7,500 in 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.
- The policy must establish a waiting period before it covers pre-existing conditions (that is, health problems you had before you bought the insurance), as long as the waiting period is reasonable by current standards in the insurance business.
- If you elect to satisfy the insurance requirement through a policy issued in your home country, the policy must be backed by the full faith and credit of your government. Otherwise, the company providing the insurance must meet minimum rating requirements established by USIA (an A.M. Best rating of “A-“ or better, an Insurance Solvency International, Ltd. (ISI) rating of “A-1” or better, a Standard and Poor’s Claims-Paying Ability rating of “A-“ or better, or a Weiss Research, Inc. rating of “B+” or better).

WHERE TO FIND INSURANCE INFORMATION:

If you need information about purchasing insurance, ask your J-1 sponsor about policies available to exchange visitors in the United States. Read the policy information carefully and don’t be afraid to ask questions before you buy.

INSURANCE AGENTS:

An agent is an individual who represents one or several insurance companies and sells insurance to individuals and groups. When working with an agent you should feel free to ask questions and take the time to learn about and understand your choices before you make a decision. If you are uncertain or confused, don’t sign anything. Consult a knowledgeable friend, or your J-1 sponsor, for help.