

Medical Insurance Information for J-1 Exchange Visitors

This handout is designed to explain the general structure of health insurance in the United States as well as the health insurance requirement for J-1 exchange visitors and their dependents. It also provides an explanation of some of the specialized terminology. The insurance requirement became effective September 1, 1994.

Medical Insurance in the United States

In the United States, each individual is responsible for paying the costs of his or her own medical care. In many countries, the governments pay health care costs for citizens, and sometimes even for visitors, but in this country, individuals and families must pay these costs themselves unless they receive health care coverage through their employer.

The cost of medical care is the fastest rising expense in the US today. Severe illnesses and serious accidents can lead to medical bills of thousands of dollars. Since most Americans cannot afford the high cost of medical care, they rely on insurance. For visitors in the USA, purchasing medical insurance for the duration of the visit is the only way to protect against the high costs of unexpected medical emergencies.

How Medical Insurance Works

When you purchase medical insurance, the **premium** (the costs of insurance coverage) is combined with the premiums of others to form a pool of money. That money pays the medical bills of those participants who need medical care.

Once you purchase a medical insurance policy, you will probably receive an insurance identification card. The coverage remains valid only as long as you continue to pay your insurance premiums. If you become sick or injured and seek medical treatment, you should notify your insurance company as soon as possible. To request payment of your medical bills, you should file a claim (a written request) with the insurance company. Your **claim** is evaluated and the medical provider is paid. Your insurance policy may pay all or part of the claim. You are responsible for the difference.

Required Insurance Specifications

Beginning on September 1, 1994, US Information Agency (USIA) regulations require that each exchange visitor and his or her dependents maintain medical insurance coverage for the full duration of their J program. The USIA (USIA administers the Exchange Visitor Program), has established the following requirements for the type and amount of insurance coverage you must carry:

- The policy must provide at least \$50,000 in coverage for each accident or illness.
- If you or a dependent should die in the USA, the policy must pay at least \$7500 for **repatriation** (sending the remains to your home country for burial.)
- If a doctor advises you to return home because of a serious illness or injury, the policy must pay up to \$10,000 for **medical evacuation** (travel expenses).
- The policy may require you to pay a part of the cost of your own medical treatment, but the **deductible** (the amount not covered by the insurance policy) may not be greater than \$500 per accident or illness and the **co-payment** (your costs) may not be greater than 25%.

- The policy may include a waiting period for **pre-existing conditions** (medical conditions existing before you purchased the insurance) as long as the waiting period is reasonable by current industry standards.
- The policy may not unreasonably exclude coverage for activities that are part of your exchange visitor program.
- The policy must meet minimum rating requirements as set by the US Information Agency or it must be backed by the full faith and credit of your home country government.

Choosing an Insurance policy

In some cases, your sponsor may include coverage as part of your scholarship or other support. In other cases, your sponsor may have a specific policy selected and approved for all exchange visitors, requiring you to purchase that policy as soon as you arrive in the US. But in many cases, you will be required to select and purchase your own insurance coverage. you should consider many factors before choosing an insurance policy.

- **The experience of the insurance company.** Ask your sponsor and other exchange visitors about the company. Does it treat people fairly? Does it pay claims promptly? Does it have staff to answer your questions and resolve your problems?
- **Deductible amounts.** Most insurance policies require you to pay part of the medical expenses before the insurance pays anything. Some companies have an annual deductible, which you pay only once each year if you use the insurance. Others require you to pay the deductible each time you have an illness or injury. The J regulations require the deductible to be not greater than \$500. However, you should think carefully about how much you could afford to pay if you became seriously ill or injured.
- **Co-insurance.** Usually an insurance policy pays a percentage of your medical expenses after you pay the deductible. For example, the policy might pay 80% and you would pay 20%, which is called the co-insurance. The J regulations require the insurance company to pay at least 75% of covered medical expenses. For small costs, the co-insurance will not be too important, but if you have a large medical bill, your costs may amount to a lot of money.
- **Specific limits.** Some policies give specific dollar amounts 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 amounts. For serious illnesses, the limit may be far too low and you may have large medical bills not covered by the insurance policy.
- **Lifetime/per-occurrence maximums.** Many insurance policies specify a limit in the amount they will pay for any single individual’s medical bills or for any specific illness. Exchange visitors must have insurance which will pay at least \$50,000 for each specific illness or injury. This figure is enough for most conditions, although in some cases, medical bills for very serious conditions may be several times that amount.
- **Benefit period.** Some insurance policies limit the amount of time they pay for each illness or injury. After the benefit period for a condition has expired, you must pay the full cost of medical treatment for the continuing treatment of the illness, even if you are still insured. 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.

Where to find Insurance Information

If you need information about purchasing insurance, ask your sponsor or the Office of International Education and Services (IES) about policies available for exchange visitors in the USA. A policy meeting USIA requirements is available for Western Oregon University students. Read the policy information carefully and don't be afraid to ask questions. It is always wise to make a well-informed decision in the beginning. When you are ill or injured, you will not be able to choose another policy and you will need the best coverage possible.

Working with an Insurance Agent

An agent is an individual who represents one or several insurance companies and sells insurance to individuals and groups. An agent may be helpful in identifying an insurance policy to meet your needs, but the agent's main job is to sell insurance. Some agents are honest and ethical, and they will advise you whether their insurance is good for your needs; but others are not, and they might misrepresent the insurance they sell in order to convince you to buy it. Your best protection when working with an agent is to ask many questions and take the time to learn about several choices before you make a decision. If you are confused, **DON'T SIGN ANYTHING**. Consult your sponsor or a knowledgeable friend for help.

Failure to Maintain Medical Insurance Coverage

Insurance coverage is essential in the USA. If you or your dependents fail to maintain your medical insurance coverage, you could face catastrophic expenses in the case of a medical emergency. In some cases, you may be refused medical treatment if you are unable to show that you have the money to pay the expected costs. Your J status could be terminated and you could be forced to abandon your exchange program and return home. The regulations provide that if you knowingly and willfully fail to carry health insurance for yourself and your dependents, your sponsor must terminate your program. Don't risk it.