



# Healthy, Wealthy, and Wise

What you need to know about health insurance.

by Kate Lardy

**Crew are getting smarter** — at least when it comes to their health care. The Maritime Labour Convention (MLC) had a lot to do with that. “It has brought more awareness to crew that the owner has this financial responsibility with regards to their health,” says Maria Karlsson of Superyacht Insurance Group.

But just because the MLC says the boat must cover you, don’t think you don’t need to take responsibility for your own health. As health insurance is something you literally cannot afford to screw up, knowing a few basics about how the system works will go a long way towards long-term financial security.

## P&I IS NOT HEALTH INSURANCE

If you get hurt on the job, the owner is responsible and their Protection & Indemnity Club will pay, but that’s not its main purpose. “P&I is there for big liability claims to protect the owner, not to provide ‘regular’ health insurance that covers doctor visits, physical exams, and other minor claims,” says Karlsson.

P&I may not cover you when you are off the boat. And if you get ill from something not work related? “Well, that’s a dangerous gray area,” says Mark Bononi of MHG, who handles group health insurance policies for about 500 yachts. “I can recall four emergency evacuations over the last year; three of the four were not job related.”

You have to think, whose lawyers are going to be better, Bononi asks, yours or the owner’s?

If a yacht has a group health insurance policy for its crew, that plan will always act primary to P&I, which means it will pay for all eligible claims. P&I should be your last resource, not your first.

P&I does cover work-related disability claims, though. Karlsson says she has seen an increase in crew asking for disability income and accidental death and dismemberment insurance (AD&D), particularly from Europeans who are used to the “Euro-styled” crew medical plans usually underwritten by Lloyd’s of London. These typically include this coverage, with a medical limit for AD&D that would be sufficient in Europe (but not enough for the U.S.). Karlsson points out that these benefits are also included in the yacht’s P&I. “I don’t think a lot of people are aware of that and get both; it’s double coverage that you pay for, yet you can only claim under one and in this case, the medical insurance, or personal accident (PA) insurance as it’s called in Europe, would act primary.”

## YOU CAN HAVE A GROUP PLAN, AN INDIVIDUAL PLAN, OR BOTH

If you have a long-term job on a yacht with a good group medical plan, then terrific, you don’t need an individual policy. But let’s face it, yachts aren’t the most stable employers, and crew aren’t the most loyal employees.

“A group plan belongs to the boat and when a member leaves the boat, their insurance usually terminates, though some plans offer a continuation of coverage,” says Anita Warwick of Seven Seas Health.

Individual policies are portable from yacht to yacht, and they are essential if you are looking for a job, between jobs, or freelancing. “There’s a lot of crew turnover in the industry, and it’s difficult to switch policies each time the employment changes,” says Karlsson.

In addition, while MLC-compliant vessels must offer medical and dental cover, some yachts rely on P&I insurance to satisfy MLC requirements and don’t have crew medical insurance. Other yachts may not provide a group plan and instead reimburse each crewmember for individual monthly policy premiums. “I have some big yachts that prefer to have individual plans,” says Karlsson. “I think the mentality there is the captain feels that the insurance responsibility is moved from him/her to the crewmembers themselves.”

## CONGRESS DOESN’T CARE ABOUT CREW

Actually, they have never even thought about yacht crew, which is why the provisions made for health care in the Affordable Care Act (ACA) are fairly useless for U.S. yacht crew.

The main issue with ACA-compliant health plans is geography. You have to purchase insurance in the state that you file taxes. “With many policies, you are pretty much out of network if you leave the town where you signed up,” says Karlsson, who adds that some policies are void if you are overseas for months at a time.

In addition, “U.S. domestic plans aren’t going to cover you if you get hurt while working,” she says, citing an example of a crewmember who ticked the box for “work-related incident” at the emergency room. Because of that, her insurance company rejected the claim for her knee injury, which ended up costing the owner about \$5,000. U.S. insurance companies will consider anything work related to fall under worker’s compensation insurance, never mind that it doesn’t exist on yachts (though this is where P&I would kick in).

Despite these limitations, U.S. taxpaying crew are legally required to have an ACA-compliant policy (though this is expected to change with American Health Care Act legislation currently being debated).

“I shouldn’t advise people to be illegal, but you have to have a plan that’s going to work the best for you and your lifestyle,” says Karlsson. She prefers to sell international plans that are specifically designed for crew. They can be used worldwide and are much more affordable than the so-called Affordable Care Act plans. “International crew medical plans are going to cover you

when you’re working and during your time off, in all states and overseas. It’s better coverage for less premium.”

The tax penalty for not having an ACA-compliant plan runs the higher of 2.5 percent of your adjusted gross income or a flat fee, which for 2016 was \$695. Buying the coverage costs a lot more. As a general guide, Bononi says you can expect premiums to match your decade of age...in the \$200s per month for twenty-something-year-olds, in the \$300s for thirty-somethings, and so forth. There are some people who never want to run afoul of the IRS and will buy ACA-compliant coverage, he says, but Karlsson points out that there’s no ill effect on you as a citizen if you pay the penalty.

There is one solution for American crew: GeoBlue offers ACA-compliant group coverage with excellent worldwide coverage. The only catch is it’s for groups, not individuals.

“Ideally the industry needs an individual international plan that is ACA compliant, but there isn’t an insurer who can support that,” says Warwick.

## HEALTHCARE IN YOUR HOME COUNTRY IS NOT A GIVEN

Crew who come from countries with universal health care systems may think they don’t need insurance, but they need to make sure they are up to date with their social contributions, Bononi says. “Governments worldwide are paying more attention.” If you fall out of the system, it can take months to catch up and get back in.

As for U.S. citizens, they can’t just buy insurance whenever they want. ACA policies are not medically underwritten, hence subject to approval, so everyone can get coverage and pre-existing conditions are covered from day 1. But “day 1” happens only one time a year. Policies must be bought during an open enrollment period (this year, November 1 – December 15, 2017, and take effect on January 1, 2018), unless there is a special circumstance, such as losing group coverage, getting married, or moving states.



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## MEDICAL COSTS IN THE U.S. ARE RIDICULOUSLY EXPENSIVE

The U.S. is one of the few industrialized countries that doesn’t provide free health care for its citizens. So those who have insurance pay higher costs to make up for those who do not, i.e. an average of \$2,000 a day for a hospital stay, according to Kaiser State Health Facts; and that’s just for a bed, any care is extra. A short stay in a U.S. hospital can easily run into the tens and hundreds of thousands of dollars, which is why international policies that don’t include the U.S. or Canada are cheaper and a good idea for Med-based yachts.

This high cost has given rise to a new trend in U.S. health insurance: medical tourism. “Two or three U.S. carriers provide this,” says Bononi. “They pay you to get treatments such as knee replacement or heart surgery in a country where it is far cheaper. And they even pay for your family to travel with you.”

For nonemergency services, anyone needing health care in the U.S. should ask up front how much it will cost and clarify with both the provider and with the insurer whether the services are in network or out.

You might think, “Well, I’m not a U.S. resident, and my boat never goes to the U.S., so who cares?” But those who cruise in the Caribbean take note. “Emergency evacuations from the islands are generally taken to Florida,” says Warwick.

She speaks from personal experience: “A car accident in Jamaica when I was crew resulted in my own evacuation from Montego Bay Hospital to Florida. Without insurance in the U.S., my friends had to come up with a \$50,000 deposit before the medevac plane could come to get me. I was not permitted to fly back to [my home country of] Australia until stabilized to fly – \$180,000 later!”

Which brings us to the next point...

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Crew medical plans are getting more innovative, such as paying for crew to fly home to recover and for the cost of bringing in a replacement.

### CONSIDER HOW YOU'RE GOING TO GET HOME

If you are current with your national healthcare and you don't have an international plan, you need to consider how you are going to get home if you need serious long-term treatment.

"When I talk to people who have National Health, they so often flippantly reply, 'Oh if something happens to me, I'll just go home,'" says Warwick. "To which I reply, 'Well, sweetheart, if you're in an ambulance, they're not taking you to the airport!'"

Every crew insurance agent we spoke to said to make sure you have air evacuation in your policy, whether group or individual.

Pantaenius America promotes Divers Alert Network, which has a new program called DAN Boater that provides worldwide medical evacuation benefits up to \$150,000 and \$25,000 in medical repatriation to your home country. "For the price, \$60 annually for an individual, it offers a lot," says Cary Weiner, president of Pantaenius America.

### DRINKERS AND ADRENALINE JUNKIES BEWARE

(Or, really, anyone who has ever had a big night out or has tried kite boarding.) Most policies don't cover claims related to intoxication as they are considered self-inflicted. Likewise, many exclude extreme sports. There are some exceptions: GeoBlue once again stands out here. Based on

its Explorer policy, its crew individual policy is tailored to the yachting lifestyle, which one can't deny includes alcohol and watersports.

Few policies will cover diving, but Jill Cappelli of GeoBlue says it can be added to a group policy. "A group is two or more people and group plans can be customized," she says.

### DON'T FORGET ABOUT THE LAW

"Coloring the whole issue of health care is maritime law," says Weiner, who once specialized in crew liability as a maritime lawyer. He uses the example of American law, but notes that many countries have similar measures in place.

"The owner owes for 'maintenance and cure' with maintenance being the cost of daily living to sustain the crewmember while they are ill, and cure being medical care until he or she reaches 'maximum cure.'"

"The key point is not to be faced with the question of whether the owner is liable," says Bononi. A crew group health insurance policy will cover all eligible claims and save any legal entanglement.

The bottom line: make sure you have coverage, read your policy, or ask your agent questions. Know what you are covered for; understand the exclusions. If you are joining a yacht, ask the captain for a summary of benefits before you take the job. "Once you are working on board, insurance will be the last thing on your mind," says Bononi. "Until you need it." <sup>®</sup>

## VOCABULARY LESSON

**Premium:** The cost of a policy

**Deductible:** How much you have to pay out of pocket before insurance will kick in

**Co-pay:** The amount you have to pay for doctor visits and procedures, not usually included as part of deductible

**Network:** Doctors and facilities that are contracted with your health insurance company

**Co-insurance:** The percentage you have to pay towards your entire bill after you have met your deductible, usually a factor when getting care from a provider outside the policy's network

**Rider:** Extra benefits added to a policy for an added cost