

# Heading South

- Snowbirds can face devastating financial consequences without the right travel medical insurance coverage. **Stephen Fine** and **Michael Camacho** walk us through the issues

**S**ome of your clients have no doubt left Canada and temporarily relocated to warmer destinations until spring arrives. But while these fortunate snowbirds are enjoying the warm weather in places like Florida, Arizona, California, Mexico, and beyond, many of them may have inadequate travel medical insurance coverage.

Unfortunately, myths and misinformation about travel medical insurance are far too common, which is why educating your snowbird clients is vital to protecting both their physical and financial well-being. Let's examine the most important issues snowbirds need to consider when it comes to emergency travel medical insurance coverage, and how to successfully navigate those issues.

## RECENT CHANGES TO OHIP

In Ontario, the provincial government recently eliminated out of country travel medical insurance coverage under the Ontario Health Insurance Plan (OHIP).

Prior to January, OHIP covered up to \$400 a day for emergency in-patient services, and up to \$50 a day for emergency out-patient and doctor services for Ontario residents travelling outside Canada. As of January, these costs will no longer be covered by OHIP (although OHIP will continue to cover out-of-country dialysis treatments up to \$210 per treatment).

While these amounts may seem significant, they are actually quite minimal when you consider the cost of medical treatment for Canadians travelling abroad. For example, the typical cost for an in-patient stay in a U.S. hospital can be \$10,000 per night, so in most situations an individual without supplemental travel medical insurance would still only have been able to recover approximately 3% to 5% from OHIP.

A common misconception among travellers is that their provincial health insurance plan will cover most or all of the costs of emergency medical treatment while travelling abroad, when in reality they only cover a small percentage of these expenses.

The recent changes in OHIP coverage provide an opportunity to remind your clients that regardless of which province they live in, they should:

- never rely on their provincial health insurance plans to cover emergency medical treatment expenses while travelling abroad; and
- always consider private travel medical insurance coverage if they don't have coverage through their employee benefits plan.

## INSURANCE FOR SNOWBIRDS

Not having the right coverage can be financially devastating if your client suffers a medical emergency while travelling outside Canada, as treatment costs for serious medical issues can total several hundred thousand dollars, and even treatment for mild to moderate medical issues can easily climb into the tens of thousands of dollars.

The following examples of recent travel insurance claims by snowbirds demonstrate just how expensive these costs can be:

A 78-year-old man spending the winter in Florida was admitted to a local hospital with chest pain. Testing determined that he had three significant heart blockages that required surgery. He could not be repatriated back to Canada for surgery and underwent bypass surgery in Florida. His medical costs were nearly \$313,000, which was covered by his travel medical insurance.

A 77-year-old woman wintering in Mexico fell down the stairs while at a restaurant and was taken to the emergency room with an injury to her right knee. X-rays identified a fracture that required surgery. Her medical costs were nearly \$80,000, which was covered by her travel medical insurance.

Getting the right travel medical insurance coverage can be much more complex for snowbirds than other travellers due to several factors that may affect their premium and coverage.

**Age:** The cost of travel insurance increases with age, so many snowbirds can expect to pay more for coverage than younger travellers. Some providers also won't cover individuals over a certain age.

**Medical conditions:** Many snowbirds have one or more pre-existing medical conditions, which can increase the cost of coverage, are subject to "stability clause" requirements, and, in some cases, may make them ineligible for coverage.

**Medical questionnaires:** Once your clients reach a certain age, typically between age 55 and 60, they will be required to complete a medical questionnaire when applying for travel insurance.

**Trip duration:** Travel insurance premiums increase as trip duration increases, which can mean higher costs for most snowbirds who spend several months outside Canada.

## SINGLE VERSUS MULTI-TRIP ANNUAL PLANS

When it comes to travel medical insurance, snowbirds generally have the option to choose between single-trip and multi-trip annual plans. Single-trip plans provide emergency medical coverage for a single trip beginning on your departure date and ending on your return date. On the other hand, multi-trip annual plans provide emergency medical coverage for an unlimited number of trips over a 12-month period.

However, multi-trip plans limit the number of days you can travel per trip. Limits vary depending on the provider and policy, but commonly start at 10 days and go up to 30 days or more. Once you reach your limit, you must return to your home province before travelling again for your coverage to continue.

Most multi-trip annual plans allow clients to be covered for a

longer period on a particular trip by purchasing "top-up" coverage for the extra time they want to spend away.

It's best to compare both options, as the right choice will depend on a traveller's specific travel plans.

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## DENIED CLAIMS

One reason why travel medical insurance claims are denied is not meeting a policy's stability requirements. Standard travel medical insurance policies contain what is commonly referred to as a "stability clause."

These clauses require pre-existing medical conditions to be "stable" (i.e., have no changes) for a specific period of time before a policyholder travels. Stability periods vary across providers and policies but are often 90, 180, or even 365 days.

If there are any changes to a pre-existing medical condition during the stability period, that condition will be excluded from coverage, meaning the policy will not cover any expenses incurred that are related to that condition while travelling.

And any changes really does mean any changes, including some your clients may not think of, such as starting or stopping medications, changes in medication dosages, and having diagnostic tests for possible medical conditions not yet diagnosed.

If your client has a standard insurance policy with a stability clause, they should ensure all pre-existing medical conditions meet the stability requirements. Alternatively, they should consider a personalized policy with no stability requirement for pre-existing medical conditions.

Personalized travel medical insurance policies are a great coverage option for individuals who either don't meet the stability requirements found in standard travel insurance policies or want the peace of mind of not having to worry about stability clauses all together.

Personalized policies (unlike standard policies) base coverage eligibility, and premiums exclusively on one's personal medical history and characteristics, and provide coverage for pre-existing medical conditions with no stability requirement.

They also don't require clients to complete a lengthy medical questionnaire. Rather, they simply need to answer a few pre-screening questions and disclose all of their past and current medical conditions at the time they apply (they may also be asked follow up questions about each of those conditions). As long as their conditions are eligible for coverage, they'll be covered for all pre-existing medical conditions, regardless of how long they have been stable.

In many situations, the cost of a personalized policy is the same or less than a standard policy, because personalized policies are tailored specifically to your client's conditions and risks — so they won't be grouped into a category with other travellers who may have more serious or numerous medical conditions. Of course, there are situations when a personalized policy will cost more than a standard policy, but this is usually due to certain pre-existing medical conditions being covered that would otherwise be excluded from coverage under a standard policy. Note that personalized policies aren't offered by all insurance providers.

## FULL AND ACCURATE DISCLOSURE

Failing to fully and accurately disclose medical history and other required information is the top reason for a denied travel medical insurance claim. Whether your clients are applying for a standard or personalized policy, they must always complete their insurance application truthfully and accurately. Failure to do so can be grounds for the insurance company to deny any claim made under a policy, even if the claim is unrelated to a medical condition your client failed to disclose.

Be aware that it doesn't matter if the failure to disclose is intentional or unintentional, which means that even an honest mistake may result in their policy being voided or their claim being denied. If your clients are unsure, advise them

to speak with their doctor for assistance in completing the medical questionnaire. And if your client is tempted to intentionally provide inaccurate or incomplete information in the hopes of getting a lower premium or coverage for an ineligible medical condition, don't let them. Once a claim is reported, the insurance company will review their medical records and become aware of the missing or inaccurate information.

Your clients' disclosure obligations don't stop after they purchase a policy, as their policy will require them to inform their insurer of any changes to their pre-existing medical conditions or new medical conditions that arise:

- After they have purchased their policy and prior to their departure date.
- At any time while they are in their home province during their coverage period (i.e., if they have travelled back home after departing on their trip, but their coverage period hasn't ended)

When your client informs their insurer of a change to their health after purchasing a policy it can result in one of three outcomes, depending on the change:

1. No change in premium or coverage;
2. An increase in premium; or
3. The cancellation of the policy and a refund of the premium if the new condition is severe enough that the insurer won't cover it.

While price is obviously an important factor when choosing a travel insurance provider, it shouldn't be the deciding factor. Other important factors include coverage features, expertise, customer support, and track record.

Buying travel insurance based on price alone can be dangerous, as any upfront savings could end up costing your client much more down the road if it doesn't cover them when they actually need it. Ultimately, your client's goal should not be to just find the cheapest travel insurance policy possible, it should be to find the least expensive policy that provides the coverage and assistance they need should they ever require it.

MICHAEL CAMACHO (MBA, CFP, CLU, ChFC, ChS, FLMI) and STEPHEN FINE (LL.B) are the co-founders of Snowbird Advisor Insurance Inc., a travel insurance brokerage that specializes in assisting Canadians snowbirds, Boomers, and seniors with their unique travel insurance needs. Visit [WWW.SnowbirdAdvisorInsurance.ca](http://WWW.SnowbirdAdvisorInsurance.ca)