HEALTH INSURANCE FOR INTERNATIONAL STUDENTS: WHAT HAPPENS IN NEW ZEALAND AND AUSTRALIA?

Ershad Ali, AIS St Helens, Auckland, New Zealand
Geetha Subramaniam, Victoria University of Wellington/Universiti Teknologi MARA

ABSTRACT

Internationalization of education has been growing fast since the last decade where the countries such as USA, UK, Canada, Ireland, Australia and New Zealand became important study destinations in the global market. Traditionally, cost of education international students used to consider was the sum of tuition fee and living cost. However, insurance cost has been added as another component of education cost. Insurance cost is compulsory for international students to pay just like tuition fee. However, the fact is that the amount of premium payable and the benefits receivable varies from country to country. For example, New Zealand and Australia, are education exporters, and belong to similar education culture, however the costs and benefits of insurance for international students are different in both countries. Current literature focuses their analysis of the cost and benefits of insurance premium on international students mostly in individual countries. A comparative picture in this regard may contribute to make informed decision for all beneficiaries. This paper aims to compare the insurance cost of these two countries and to see how this difference has been impacting international students to choose study destination. Data from secondary sources such as government publications, statistical departments, research reports etc. of New Zealand and Australia were utilised. The paper found that the cost of insurance for international students in Australia is a little bit higher than that of New Zealand whereas the benefits of insurance received by international students in New Zealand is higher than that of Australia. However, although insurance cost is different, it has little impact on the students’ decision to choose Australia or New Zealand as a study destination. Findings of the study might be beneficial for policy makers, educationists and researchers.

Key words: New Zealand, Australia, International Education; Insurance; Cost.

INTRODUCTION

Recently the number of international students has been increasing in education exporting countries such as New Zealand and Australia. It was worth at least USD $30 billion in 1999 or about 3 percent of total trade in services in the Organization for Economic Co-operation and
Development (OECD) countries. In 1995, export education was responsible for NZD $530 million in foreign exchange and by 2003 it was estimated that it created over 20,000 jobs and contributed NZD $1.7 billion to the local economy in New Zealand. Export education is the top five largest exporters of New Zealand services, holding a value of NZD $2.3 billion as at June 2008. On the other hand, in Australia export education contributed AUD $17.2 billion in export income to the Australian economy in the year 2008-09, up from AUD $14.0 billion in the previous financial year (Australian Education International, 2009).

One of the legal requirements for students to be eligible to study internationally is to have a medical insurance to cover their healthcare while studying overseas. Every country has its own regulation regarding this matter. Since 2004, all international students in New Zealand are required to have and maintain health and travel insurance for the proposed duration of study in New Zealand, under the Code of Practice for the Pastoral Care of International Students. Similarly in Australia, overseas students must obtain and maintain Overseas Student Health Cover (OSHC) over their period of their student visit for visa purposes. This paper addresses the cost effectiveness of the medical insurance for international students by comparing two countries: New Zealand and Australia. In particular, the paper explores whose' international students between New Zealand and Australia pay more for their health insurance. In addition, it also investigates which of the two countries – New Zealand or Australia – gives more value to the medical insurance for their students.

In following section of the paper, a brief description about New Zealand and Australian economy is presented in section 2; Rationale of the study is in section 3; findings in section 4 followed by conclusion and policy implications in section 5.

New Zealand at a Glance

International students choose New Zealand as a study destination mainly because: the English-speaking environment, safety, qualifications recognized globally, and the low cost. However, students from Europe, North America, South America and Australia (ESANA) more concerned with the overall experience of international education were more strongly attracted than Asian students by New Zealand’s scenery, lifestyle and culture. Students from Asian countries appeared relatively more concerned with education; getting good value for money and a high quality education. For example in 2007, out of the 2,677 international students 41% of students felt that New Zealand represented good value for money as an overseas study destination (Ministry of Education, 2008).

Australia at a Glance

Like New Zealand, Australia also has some important factors which influence the international students in choosing Australia as a study destination. Australian Education International (AEI) pointed out that Australia provides quality education and is an English speaking country. Australia perceived as safe and secure and also offers students the opportunity to experience a new culture or lifestyle. In addition, Australia has relatively low course fee costs and cost of living. Australian’s international education enrolment numbers have increased by 78
per cent over the five years to 2007. Australia is now the world’s third most popular English-speaking destination for international students, and the fifth most popular overall (AEI 2008).

**RATIONALE OF THE STUDY**

Overseas students arrive in their study destination of their choice with variety of expectations, dreams and hopes, as well as fears, concern and anxiety. To become an international student is tough as well as mature decision, to experience new culture and to grow academically. Butcher and McGrath (2004) pointed that international students’ lives are complex and can be difficult to understand. Their lives also combine a range of educational, psychological and social experiences. International students face a lot of stress while studying and adapting to the new culture, this includes language barriers, acculturative stress, and also home sickness. There is a perceived increase in mental health difficulties faced by international students; or, with an apparent increase in the number of international students with mental health difficulties.

Furthermore, not only international students experience anxiety and difficulties in assimilating to the process of enculturation including getting used to the language, they also experience distress in adapting to the community, such as discrimination. Biggs (2001) provides an extensive review of research examining beliefs about international students learning difficulties and provides evidence for misleading information based on stereotyping of incoming students’ culture. There are a number of stereotypes leading to false assumptions made about students from so called “Asian” countries in relation to cross-cultural integration into “western” style classroom dynamics and cultures. Some of the problematic issues listed are difficulties in the transfer from ‘passive’ versus ‘active’ learning styles; no participation in argument and debate; frequent plagiarizing; and that “they” have difficulty adjusting to local learning environments and cultures. Some studies also have shown the correlates of perceived discrimination are exclusively negative and include increased stress, identity conflict, less academic satisfaction and greater psychological and socio-cultural adaptation problems (Berno & Ward, 2003; Leong & Ward, 2000).

Other studies also have suggested that international students experience more distress than their local peers (Mullins et al., 1995). Less than half of the students believed that New Zealanders had positive attitudes toward international students, and one in three believed that international students often experience discrimination in New Zealand. The actual incidence of discrimination was reported to be much less frequent, but New Zealand students were cited as the most common source of unfair treatment.

In Australia, the internationalization of Australian higher education has been one of the most successful initiatives in the implementation of cross-cultural matters. The internationalization of the academic program has proven so successful that currently 18 per cent of the student population in Australia consists of international students (IDP Education Australia, 2008). Whilst coming to a new and foreign country is often times an exciting and rich event, the experience can be constrained by uncertainty and disorientation of finding your way around new cultures and social expectations. Therefore, like New Zealand, Australian government also intervenes to help the international students embrace the experience academically as well as
culturally. The Australian government is concerned about the safety of international students in Australia and health care is one aspect of that safety (Department of Immigration and Citizenship, 2010). Australian Government has an Overseas Student Health Cover (OSHC) program in which it is mandatory to every student visa holder. OSHC can assist international students to meet the costs of medical and hospital care if needed when in Australia. OSHC will also pay limited benefits for pharmaceuticals and ambulance services.

Therefore, in New Zealand, compared to Australia, there has been an increasing role played by central government in the marketing and regulation of New Zealand’s export education industry. However, the ongoing changes in the regulation of the industry recognize that looking after the needs of international students through the pastoral care of them is strategically important to the export education sector in particular and New Zealand in general. The mandatory Code of Practice for the Pastoral Care of International Students, enacted in 2001 and revised in 2003, effectively highlights three aspects of information, safety and care (Ministry of Education, 2008).

In New Zealand as well as in Australia, the government endorses and requires the international students to have and maintain health insurance while studying. Australian government makes this as one of the requirement to obtain the student visa for the international students to study in Australia. The government in New Zealand has introduced a compulsory Code of Practice for the Pastoral Care of International Students under the Ministry of Education Code of Practice, intended to create a safe environment for students. All schools and tertiary institutions must become a signatory to the Code in order to have international students. The Code deals with the welfare of international students (Asia 2000 Foundation, 2003).

**FINDINGS AND DISCUSSIONS**

This section aims to presents findings of the study. Analysis commences with the description of the health insurance providers and also the details of what each health insurance provider provides the students with, i.e. the coverage of the insurance. Comparisons then would be made based on the average cost of each health insurance provider in each country. This is followed by the analyses of the data based on the results of the finding. The research results are followed by a brief discussion of practical implications in each section.

In New Zealand, international education is now a very large industry. The number of educational institutions accepting international students is growing, especially in the primary and secondary areas. Total economic benefits to New Zealand position the industry in fifth place in terms of export earnings holding a value of NZD $2.3 billion.

In New Zealand, the code of practice for the pastoral care of international students requires international students to obtain and maintain the health and travel insurance in order to continue to study in New Zealand. The requirement is mandatory and it is one of the education providers’ conditions of enrolment. Due to the nature of factor determinants of health insurance, the sample is taken based on health insurance in the top five universities in New Zealand which are; The University of Auckland; University of Otago; University of Canterbury; Victoria University of Wellington and Massey University.
The findings identify the five health and travel insurance providers the Universities approved. Studentsafe - University insurance policy from Vero is the preferred health insurance coverage from all the five universities. However, it is found that each university has slightly different price for the a single student twelve months coverage. Hence, each price from each university of Studentsafe - University is be summed and averaged as shown in Table 1. The five health insurance providers are; Vero, Lumley General Insurance NZ, Southern Cross Travel Insurance, Uni-Care Ltd and Interglobal Insurance Co Ltd. Table 2 lists the five health insurance providers along with the minimum insurance policies the universities approved as well as the cost cover for single student for twelve months coverage.

### Table 1: Studentsafe – University from Top Five Universities In New Zealand

<table>
<thead>
<tr>
<th>Studentsafe – University</th>
<th>Price NZD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auckland University</td>
<td>528.58</td>
</tr>
<tr>
<td>Waikato University</td>
<td>529.20</td>
</tr>
<tr>
<td>Canterbury University</td>
<td>529.00</td>
</tr>
<tr>
<td>Otago University</td>
<td>500.00</td>
</tr>
<tr>
<td>Massey University</td>
<td>510.00</td>
</tr>
<tr>
<td>Average</td>
<td>519.356</td>
</tr>
</tbody>
</table>


### Table 2: New Zealand Insurance Companies, Their Policies and Prices

<table>
<thead>
<tr>
<th>New Zealand insurance in big 5 universities in NZ</th>
<th>Policy Name</th>
<th>Price NZD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vero</td>
<td>Studentsafe - University</td>
<td>$519.36</td>
</tr>
<tr>
<td>Lumley General Insurance (OrbitProtect)</td>
<td>Orbit Protect Prime</td>
<td>$454</td>
</tr>
<tr>
<td>Southern Cross Travel Insurance</td>
<td>Student Max</td>
<td>$456</td>
</tr>
<tr>
<td>Uni-Care Travel Insurance</td>
<td>NZ Student Plan</td>
<td>$506.20</td>
</tr>
<tr>
<td>Inter global Insurance Co Ltd</td>
<td>Student Care Plus</td>
<td>$450</td>
</tr>
</tbody>
</table>

Source: Vero, Lumley, Southern Cross, Uni-care, Inter Global- 2010

With the premium New Zealand international students pay, the insurance coverage includes, doctors’ bill, Pathology and X-ray, hospital and ambulance costs.

For all the five health insurance providers, coverage for doctors’ bills are one hundred percent which means the health insurance companies would reimburse all reasonable expenses...
from doctors’ bills. This also applies for Pathology and X-ray examinations students need to undertake within the period of coverage. The insurance providers would also reimburse students’ claims for hospital. Some other insurance has specific criteria or requirement in which the students could only claim bills for only either public or private hospitals stays. In this case, specifically for these five insurance companies, students do not have to worry about choosing a hospital. The students have the options to choose to stay in private or public hospitals for hospital care. Ambulance and prescription medicines expense are also covered in all five insurance companies.

International students also covered for dental expenses. However, there are different regulations for different companies. Uni – Care Ltd, NZ Student Plan does not cover the cost of dental expense. The coverage of dental treatment is only for the treatment of injury teeth, the initial consultation for the relief of sudden and acute pain using antibiotics, temporary dressings or extraction. However insurance does not pay for elective treatment, oral surgery or Normal Maintenance. Vero, Studentsafe – University and Southern Cross Travel Insurance, Student Max cover NZD $500 per twelve month period. Lumley, Orbit Protect Prime, cover NZD $1,500 per twelve month period. Interglobal Insurance Co Ltd, Student Care Plus, cover NZD $2,400 per twelve month period.

The five health insurance providers for international students in New Zealand also reimburse all reasonable amounts of expenses for optical. The company would only cover for a visit to an optometrist including the cost of spectacle frames, prescription lenses and contact lenses if the optical aids are lost, stolen or damaged; or require new lenses as a result of a change in vision. For Studentsafe – University and NZ Student Plan will reimburse up to NZD $300 per twelve month period. Orbit Protect Prime cover NZD $250 per twelve month period. Student Max and Student Care Plus cover NZD $350 and $400 per twelve month period, respectively.

Four out of five health insurance providers reimburse treatment cost for alternative treatment by an alternative medical provider if the treatment is recommended by a registered medical practitioner, this includes, chiropractors, acupuncturists, osteopaths, podiatrists, dieticians, and nutritionists provided they are registered members of a recognised professional body for that type of Alternative Medical Treatment provider. Student Care Plus is the only policy that does not cover for an alternative treatment. Studentsafe – University and NZ Student Plan cover up to NZD $500 per twelve month period. Orbit Protect Prime cover up to NZD $300 per one year period and also Student Max policy cover up to NZD $200 per one year period of cover.

Three out of five health insurance companies for international students in New Zealand are willing to reimburse up to NZD $20,000 per one year period for the treatment of mental illness. This Medical Expenses incurred for the treatment of depression, stress, anxiety, mental or nervous disorder, suicide or attempted suicide or self injury. Student Care Plus only reimburse up to NZD $2,500 per twelve month coverage and Orbit Protect Prime does not include this into their policy. Moreover, only Studentsafe – University and NZ Student Plan have coverage for continuing treatment. They cover up to NZD $20,000 per one year coverage. Continuing medical expenses provides any costs covered from the date of the first valid claim relating to the Injury or sickness when following the repatriation to students Country of Origin and provided the students’ claim has been accepted by the insurance providers. Only Studentsafe – University and
NZ Student Plan have coverage up to NZD $10,000 per one year period for repatriation due to mental illness. None of the other providers cover this policy.

Only three out of five insurance companies; Orbit Protect Prime, Student Max and Student Care Plus provide evacuation or return home in their policy. Evacuation or return home applies if the students become disabled while in New Zealand, during the period of insurance and agree to return to your country of origin. However, the companies who provide this in their policy will reimburse all the reasonable expense if the following conditions are met; the registered medical practitioner who attends the students at the time of the disablement provides written advice that the return or evacuation is necessary. The return or evacuation is supported by the insurer’s medical advice and if is considered necessary. The companies agree to the destination that the student returns or is evacuated to. The travelling expenses that the students incur are of the same standard or fare class as those originally selected by students for the students’ trip (unless a fare upgrade is agreed in writing) and also of the students already have a return ticket between New Zealand and the country of origin.

International students also get the benefit of getting cash allowance whilst in hospital up to NZD $10,000 per year of coverage. If the students are hospitalised due to injury or sickness overseas or in New Zealand, the insurer would pay $100 for every 24 hours you are in hospital, provided that the students are hospitalised because of a disablement that occurs or first arises during the period of insurance and for at least 24 hours. Orbit Protect Prime, Student Max, NZ Student Plan and also Student Care Plus have this in their policy of coverage for international students. Furthermore, Vero’s Studentsafe – University policy is the only policy that covers incidental hospital expenses, in which they are willing to reimburse up to NZD $2,000 per twelve month period with no limit of the coverage.

Furthermore, only Student Care Plus from Interglobal Insurance Co Ltd, covers maternity services for up to NZD $6,000 and immigration X-ray for NZD $50 per twelve month period of coverage. Student Max from Southern Cross Travel Insurance is the only insurer that includes medical treatment after journey to country of origin. The policy covers up to NZD $10,000 per year of insurance coverage.

We found that the internationalisation of Australian higher education has been one of the most successful initiatives in the implementation of cross-cultural matters. The fact that international students make up a large proportion of Australian universities today is becoming an expectancy rather than an exception. The internationalisation of the academic program has proven so successful that currently 18 per cent of the student population in Australia consist of international students (IDP Education Australia, 2002). Australia export education contributed AUD $17.2 billion in export income to the Australian economy in the year 2008-2009. Export Education is the third largest export. Factor determinant for health insurance in Australia is greatly determined by the Department of Immigration and Citizenship.

Australia has a very specific and strict regulation for the students to maintain a health insurance while they are studying in the country called the Overseas Student Health Cover (OSHC). International students will need to buy OSHC before they enter Australia which covers them from point of arrival. Health Insurance is required for the international students to obtain a valid student visa. There are five insurance companies in Australia offering Overseas Students Health Coverage as at July 2008 stated in the Department of Health and Ageing. The
OSHC will help pay for any medical or hospital care students may need while studying in Australia. Table 3 shows the five health insurance providers along with the minimum insurance policies the universities approve as well as the cost cover for single student for a twelve month coverage.

<table>
<thead>
<tr>
<th>Insurance Companies in Australia</th>
<th>Price AUD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australian Health Management OSHC</td>
<td>$374</td>
</tr>
<tr>
<td>Bupa Australia</td>
<td>$385</td>
</tr>
<tr>
<td>Medibank Private</td>
<td>$388</td>
</tr>
<tr>
<td>OSHC Worldcare</td>
<td>$390</td>
</tr>
<tr>
<td>NIB OSHC</td>
<td>$388</td>
</tr>
</tbody>
</table>

Source: Australia Health Management, Bupa, Medibank, Worldcare

With the premium Australian international students pay, the insurance coverage will contribute towards the cost of most prescription medicines, and an ambulance in an emergency. However, OSHC does not cover dental, optical or physiotherapy.

For all the five health insurance providers, coverage for doctors’ bills are one hundred percent which means, the health insurance companies would reimburse all reasonable expenses from doctors’ bills for the treatment in a Doctor’s surgery or at home by a General Practitioner (GP) or anywhere outside a hospital. One hundred percent is the coverage of the published Medical Benefit Schedule (MBS) fee or the amount as determined by the Federal Government for standard GP consultations. For other out of hospital services, 85 per cent of the published MBS fee will be reimbursed or the amount as determined by the Federal Government and the students would have to pay the difference. The doctors’ bills for the treatment in a hospital one hundred percent of the MBS fee would be reimburse.

The entire health insurance provider for the international students who study in Australia also, will cover the cost of prescription medicine up to AUD $300 per twelve month period of coverage. For medicines and other prescription items prescribed by the doctor the students would have to pay a set amount towards the cost and the insurer would pay the rest up to a maximum of $50 per item. Students needs to note that benefits are only payable on pharmacy items that are prescription only and prescribed by a medical practitioner and are essential to treat a particular illness, injury, or condition. No benefits are payable on over the counter medicines, vitamins or herbal medicines. Students will also need to pay the Pharmacist first and then claim it back from the insurer. Overseas student may face significant out-of-pocket costs if need treatment with high cost pharmaceuticals, particularly oncology treatment.
The five insurance companies were selected from each country and the cost of single student with twelve month coverage was also found for each of the company to be compared. The price of the insurance the students need to pay is average for each country. This is followed by converting the average cost of each country health insurance cost to a common currency; USD. Comparison for the two countries then could be conducted.

The average cost of the health insurance in New Zealand is NZD $477.11, the exchange rate as at November 10, 2010 was 0.779, in which equals to USD $371. On the other hand, in Australia, the average cost of health insurance for international students is AUS $385. The Australian dollar was higher by .004 than the American dollar, resulting higher price to those who earns and hold American dollar to come to Australia than to come to New Zealand. After the conversion it is seen proves the hypothesis otherwise. The result was New Zealand provides slightly cheaper cost for their international students, for twelve month coverage of a single student. Moreover, New Zealand also turns out to give more value to their fellow international students who are studying in the country. These results were drawn by comparing the coverage of health insurance provides to the international students with the price of the insurance.

**CONCLUSION AND POLICY IMPLICATIONS**

Export education has expanded rapidly around the world. Export education has become one of the majors export earnings in some countries including Australia and New Zealand. Export education is the top five largest exporters of New Zealand services, holding a value of NZD $2.3 billion as at June 2008. On the other hand, in Australia export education contributed AUD $17.2 billion in export income to the Australian economy in the year 2008-09 and is the top three largest exporters of Australia. As international trade in education services is continuing to grow, this multi billion industry needs more attention and protection from the government. The government keeps continue to expand its research in order to make sure that the rapid growth is not at the expense of the quality of the production itself, i.e. education. This means that
the international students also continue to be well cared for and the politics of this industry does not jeopardize the international reputation. For the health and safety of international students, the government endorses regulations and policies, such as Code of Practice for the Pastoral Care of International Students in New Zealand and Overseas Student Health Cover (OSHC) in Australia.

The health insurance allows and help students to get through the hard time that they face. For international students has become one of the legal requirements for students to be eligible to study internationally is to have a medical insurance to cover their healthcare while studying overseas. For New Zealand the requirement of health insurance is mandatory and it is one of education providers’ conditions of enrolment. Similarly, in Australia international students need to obtain the health insurance for their visa purposes. Although there is a different purpose in the importance of international students getting health insurance, it is compulsory for international students to have and maintain health insurance in both countries; New Zealand and Australia.

Finally, it is clear from the above analysis that New Zealand has a better health insurance as the cost is cheaper and also gives more value for the international students. This results due to lower exchange rate against American dollar. As in today’s globalized era, people have an increased accessibility to go outside their comfort zone and explore and this advantage of internationalization makes the impossible dream easier to reach, including studying abroad. For some people studying abroad is necessary to gain and expand extensive experience as well not only in enculturation perspective but also academically – to be able to survive such rapid development of globalization. This internationalization evokes the expansion of export education around the world and has become one of the majors export earnings for many countries including New Zealand and Australia.

REFERENCES


Australia or New Zealand; Student Care World Wide Medical & Travel Insurance. (2009). Retrieved November 18, 2010 from http://www.studentcare.biz/products


