

Travel insurance marketing is very good at communicating the big numbers. "Up to \$1,000,000 in medical coverage." "Emergency evacuation included." "24/7 assistance worldwide." What the marketing is considerably less clear about is the smaller print that determines how much of that big number you actually see when you file a claim.

Deductibles and copays are the mechanisms that separate the headline benefit from your actual payout. If you are a digital nomad choosing travel or international health insurance, understanding these terms — and the specific way each policy applies them — is essential. Getting this wrong means carrying a policy that feels comprehensive and discovering its limits in the worst possible moment.

What Is a Deductible?

A deductible is the amount you pay out of pocket before your insurance kicks in. If your policy has a \$250 deductible and you incur \$800 in medical expenses, you pay \$250 and the insurer covers the remaining \$550 — assuming everything else about the claim is covered.

The mechanics vary by policy type:

Per-incident deductibles reset with each new medical event. You pay your \$250 for the food poisoning incident in Vietnam, and then again for the broken wrist incident in Portugal three months later. This structure benefits policyholders who make infrequent claims.

Annual deductibles accumulate across all claims within a policy year. Once you have paid \$250 total out of pocket across all incidents, the deductible is satisfied for the rest of the year. This structure benefits nomads who make multiple smaller claims, as each subsequent claim gets fuller coverage.

Per-trip deductibles apply to the specific trip you are insured for, which matters more for traditional travel insurance than for rolling nomad policies.

The size of your deductible significantly affects your premium. A policy with a \$0 deductible costs more upfront. A policy with a \$500 or \$1,000 deductible can be substantially cheaper. The right choice depends on your risk tolerance and the likelihood of making small claims — more on that below.

What Is a Copay?

A copay (or co-payment) is a fixed amount you pay for a specific type of care, regardless of the total cost of that care. Unlike a deductible — which must be met before coverage begins — a copay applies on each visit or service, even after your deductible is satisfied.

Common copay structures in travel and international health insurance:

- **GP visit:** \$10–\$50 per visit
- **Specialist visit:** \$25–\$100 per visit
- **Emergency room visit:** \$100–\$300 per visit
- **Telemedicine consultation:** Often \$0–\$25

Copays are more common in domestic health insurance than in travel insurance, but they appear in some international and expat health products. When they do appear, they function as ongoing cost-sharing rather than a one-time threshold.

Coinsurance: The Third Term You Need to Know

Closely related to copays is coinsurance — and this is where many nomads get caught out. Coinsurance is the percentage of covered costs you pay *after* your deductible is met, up to your out-of-pocket maximum.

A policy with an 80/20 coinsurance arrangement means: after your deductible, the insurer pays 80% of covered costs and you pay 20%. On a \$5,000 hospital bill with a \$500 deductible already met, that 20% coinsurance adds another \$1,000 of your own money.

Cost Component Who Pays First \$500 (deductible) You 20% of next \$4,500 (coinsurance) You: \$900 80% of next \$4,500 (coinsurance) Insurer: \$3,600 **Total you pay \$1,400 Total insurer pays \$3,600**

This structure is why a policy with a \$1,000,000 coverage limit can still leave you with significant out-of-pocket expenses on a major claim. Always check the coinsurance percentage alongside the deductible — they work together to determine your actual exposure.

Out-of-Pocket Maximums

The out-of-pocket maximum is your financial ceiling: the most you will pay in a given period (usually annual) before the insurer covers 100% of remaining eligible costs. It encompasses your deductible and coinsurance payments.

Not all travel and nomad insurance policies include an out-of-pocket maximum. Traditional travel insurance often does not. International health insurance products designed for expats and nomads are more likely to include one.

When evaluating a policy, calculate your worst-case scenario: deductible plus maximum coinsurance exposure. If that number would be financially catastrophic, look for a policy with a defined out-of-pocket cap.

How Deductibles Work Differently in Travel vs. International Health Insurance

Standard travel insurance (designed for short trips) and international health insurance (designed for long-term abroad living) handle deductibles somewhat differently, and this distinction matters for nomads.

Standard travel insurance often applies deductibles per claim or per trip. The medical coverage is typically secondary — it pays after your primary health insurance. Since most nomads lack active domestic coverage while abroad, they may be <https://www.earthsim.com/insurance/> treating their travel insurance as primary, which creates complications the policy wasn't designed for.

International health insurance and nomad-specific products (SafetyWing, Cigna Global, Aetna International) function more like traditional health insurance, with annual deductibles, defined coinsurance, and out-of-pocket maximums. They are designed to be your primary coverage — which is the correct structure for someone living abroad full-time.

If you are a nomad using a product designed as secondary coverage as if it were primary, you may find that claims are processed incorrectly, reimbursements are delayed, or certain costs are denied outright.

Choosing the Right Deductible Level

The optimal deductible depends on three factors:

1. Your emergency fund size. Your deductible is, by definition, money you must produce immediately when a claim arises. If a \$500 deductible would strain your finances, choose a lower deductible even if it means a higher premium. Do not select a deductible level that assumes financial flexibility you don't have.

2. Your likely claim frequency. Nomads who travel through Southeast Asia and Latin America — where infectious diseases, GI issues, and minor injuries are common — may make more frequent smaller claims than nomads based in Western Europe. If small claims are probable, a lower deductible (and the higher premium that comes with it) may save money overall.

3. What you are really insuring against. The primary purpose of any insurance is catastrophic protection — the event that would financially devastate you without coverage. For most nomads, that is a serious illness, surgery, or emergency evacuation. These events easily run into the tens or hundreds of thousands of dollars, making a \$250 vs. \$500 deductible difference largely irrelevant compared to having robust coverage limits.

A common and sensible approach: choose a higher deductible to lower your premium, self-insure the routine small stuff, and focus coverage on catastrophic events.

Questions to Ask Before You Buy

When reviewing any travel or international health insurance policy, specifically ask or look for:

- Is the deductible per incident, per trip, or annual?
- Is there a coinsurance requirement after the deductible? If so, what percentage?
- Is there an out-of-pocket maximum?
- Is this policy designed to be primary or secondary coverage?
- Do copays apply, and for which service types?
- How does the deductible apply to emergency evacuation — is it a separate calculation?

For nomads comparing specific products and their cost structures, detailed breakdowns are available in dedicated comparison resources. The [EarthSims roundup of travel insurance for digital nomads](#) includes plan-level details on deductible structures for the most popular nomad insurance products, which can save significant research time when you're trying to compare apples to apples.

Real-World Examples

Scenario 1: Minor ER visit in Thailand Policy: \$100 deductible per incident, no coinsurance Bill: \$350

You pay: \$100 deductible. Insurer pays: \$250.

Scenario 2: Appendectomy in Mexico Policy: \$500 annual deductible (already met), 80/20 coinsurance, \$3,000 out-of-pocket max Bill: \$12,000

You pay: \$0 deductible (already met) + 20% of \$12,000 = \$2,400 (under the \$3,000 cap). Insurer pays: \$9,600.

Scenario 3: Emergency evacuation from a remote area Policy: \$0 deductible on evacuation, covered at 100% Bill: \$85,000

You pay: \$0. Insurer pays: \$85,000. This is what insurance is for.

The mechanics of deductibles and copays are not glamorous reading. But understanding them is the difference between a policy that protects you and a policy that merely appears to. When you file a claim abroad — stressed, possibly in pain, possibly in a language you don't speak fluently — is not the time to be reading the fine print for the first time.

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