



Division of Administrative and Common Services
Human Resources Management Section

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INFORMATION CIRCULAR*

GROUP MEDICAL INSURANCE

Change in premiums and benefits

1. The group medical insurance contract with J. Van Breda and Co. International provides for an annual review of the premium rates based on a comparison of the premiums paid and reimbursements received by the participants over a 12-month review period. The amount of reimbursements made in the period from 1 October 1996 to 30 September 1997 exceeded the premiums paid in the same period and requires a change in premium rates in 1998.
2. The last change in premiums payable to Van Breda took place on 1 January 1996 in the form of a decrease. Subsequently, contributions and subsidies were increased in May 1997 on a pre-emptive basis and credited to the reserve fund to offset the premium increases expected in 1998. On the basis of the performance of the group medical plans during the current review period, the premiums due to Van Breda have to be increased and thus a rise in contributions of 2.52 per cent for the Full Medical Insurance Plan (FMIP) and 3.03 per cent for the Supplementary Medical Insurance Plan (SMIP) is required. The Joint Advisory Committee has recommended, and the Director-General and Executive Director has approved, that the increase in contributions should be financed from the reserve fund. Contribution rates will, however, be reviewed in June 1998, taking into account the performance of the plans during the first six months of the current review period.
3. Accordingly, the share of the monthly premiums to be borne by staff members enrolled in the group medical insurance plans, expressed as a percentage of their emoluments,** will remain the same as the one that has been applicable since May 1997, namely:

*Expiration date of the present circular: 31 December 1998.

**Emoluments include net base salary plus post adjustment and all allowances.

<i>Category</i>	<i>Insured persons</i>	<i>FMIP</i> <i>(Percentage)</i>	<i>SMIP</i>
I	Staff member only	2.785	2.134
II	Staff member and one dependant	4.178	3.200
III	Staff member and two or more dependants	5.570	4.267

The same share will be borne by the Organization as a subsidy.

Actuarial study

4. The Joint Advisory Committee (JAC) endorsed on 16 December 1997 the recommendation of the Joint JAC Standing Committee on Medical and Life Insurance that an actuarial study should be undertaken in the fourth quarter of 1997. The study took place as scheduled and the actuary provided a detailed report on her review of the viability of the group medical insurance plans over the medium and long term. Based on statistical analysis, the actuary formulated three recommendations: (a) to consider a change in the tariff structure; (b) to introduce a notional pension concept for After Service Health Insurance (ASHI) participants; and (c) to defer bidding for a new plan in view of the recommended changes.

5. The Joint Standing Committee on Medical and Life Insurance reviewed the report and, bearing in mind the long-term stability of the group medical insurance plans, made recommendations, of which the following were endorsed by JAC and approved by the Director-General and Executive Director:

(a) A gradual change in the tariff structure from 1999 onwards should be undertaken in connection with future premium adjustments by applying differential increases among the three categories of insured persons;

(b) Bidding for a new insurance policy should be deferred until at least 1999.

6. The following recommendations concerning coverage under the provisions for ASHI, which were also approved by the Director-General and Executive Director, will require approval by the Controller before they can be implemented:

(a) *Notional pension*: The actuary recommended that a notional pension concept should be introduced as a matter of priority. A working group including representatives of ASHI participants will be established to review the modalities of introducing a minimum notional pension of 25 years of contributory service in the United Nations Joint Staff Pension Fund as a basis for the calculation of ASHI premiums. JAC recommended that the change should be introduced on 1 July 1998. Participants who pay ASHI premiums calculated on a premium basis of either one third of their former in-service salary or a pension for service of less than 25 years, whichever is higher, must expect an increase in their premium payments as a result of the introduction of this measure. The working group will also review the subsidization of ASHI premiums. A separate circular will be issued in due course on changes affecting ASHI participants;

(b) *Child's benefits*: The premium calculation of active participants is based on emoluments including dependency allowance. It was agreed that, as of 1 January 1998, the basis for the premium

calculation of ASHI participants will likewise include any child's benefit received by the participant from the Pension Fund;

(c) *Pension adjustments*: At present, the premium calculation for ASHI participants is based on the pension status in the month of January in any given year. In order to conform to the pension adjustment system, as of 1998, the pension status in the month of April will be used for premium calculations;

(d) *Minimum period of service for eligibility*: The minimum period of active participation required for eligibility for ASHI coverage is to be raised from 5 to 10 years, which corresponds to the period required for eligibility for subsidized ASHI. At the same time, a minimum of two years of co-insured coverage prior to separation will be required of dependants for them to become eligible for subsidized ASHI coverage.

Benefit structure

7. As at 1 January 1998, an overall ceiling of S 20,000 per calendar year per person is being introduced for dental care and dental treatment replacing the distinction previously made between dental treatment reimbursed at the rate of 80 per cent and dental prosthesis with an annual limit of S 12,500. The new overall ceiling means that participants who have an unspent balance from 1997 will have a maximum reimbursement of S 32,500 in 1998. The new ceiling is cumulative over two calendar years, so that as of 1999, the maximum reimbursement in any given year will be S 40,000, i.e. the unspent balance of the previous year plus the maximum for the current year. In view of this change staff are strongly urged to obtain a cost estimate before undergoing any major dental work (see also paragraph 9 below).

8. All other benefits remain unchanged and are summarized in the annex to the present circular. The summary is for general reference purposes and none of its provisions, or any omission therefrom, can replace or alter the terms of the policy.

Cost containment

9. Staff members are reminded that in the United Nations Staff Union Vienna *Focus* distributed desk-to-desk in October 1997,* it was stressed that the choices made by each insured participant when selecting medical providers and products have an impact on the group medical insurance plan. The active cooperation of participants in being cost-conscious when incurring medical expenses is the most effective measure for minimizing both the participant's own uncovered share and any future premium increases. Cost estimate forms that can be used by participants to obtain information on the cost of in-patient hospitalization and dental treatment are available from UNOV Social Security (room E1038).

10. The present information circular supersedes circulars UN/INF.536 of 15 January 1997 and UN/INF.544 of 23 May 1997.

*UNSCV/XVI/F11 of 16 October 1997.

Annex

**SUMMARY OF BENEFITS OF GROUP MEDICAL INSURANCE PLAN FROM 1 JANUARY 1998
(Worldwide coverage)**

<i>Benefits</i>	<i>Basic coverage (percentage)</i>	<i>Maximum amount reimbursed (if applicable) (schillings)</i>	<i>Remarks</i>
Medical treatment, surgery, and medical appliances	80		The reimbursement rate of 80 per cent applies to generally recognized medical treatment medicines as far as no other entitlement to reimbursement by another insurer exists. If an entitlement to reimbursement by another insurer exists, the applicable percentages or ceilings are applied to the difference between the cost actually incurred and the reimbursement obtained from other sources.
(a) Dental and orthodontic treatment	80	20 000	<p>Maximum amount is per calendar year, per person, with any unspent balance from the previous year being carried over to the following calendar year. Any reimbursement is first charged to the unspent balance from the previous calendar year. Any unspent balance from one calendar year can be carried over to the next calendar year but not beyond that year. The maximum reimbursement in 1998 is S 32,500, i.e. any unspent balance from 1997 (applicable maximum S 12,500) plus the maximum for 1998 (S 20,000).</p> <p>Any kind of dental care or dental treatment is covered, such as dental consultations and examinations, gum examinations, X-rays, dental hygiene, scaling treatment for periodontosis (paradontosis), fillings, dental prosthesis, root treatment, tooth extraction, crowns, bridges, inlays, tooth implantations, orthodontic treatment and other dental work. Provisional tooth replacements (provisoria) are not covered. In-patient treatment for periodontosis involving an overnight stay in a hospital is not considered hospitalization but falls under the above annual limit.</p> <p>Orthodontic treatment is covered for a period of four consecutive years only. Treatment is to start before the patient reaches the age of 14. If treatment starts between the ages of 14 and 18, approval is subject to medical grounds. Reimbursement can only be effected for services rendered and not in advance of treatment.</p>

<i>Benefits</i>	<i>Basic coverage (percentage)</i>	<i>Maximum amount reimbursed (if applicable) (schillings)</i>	<i>Remarks</i>
			Orthodontic surgery required as a result of an accident is reimbursed at 80 per cent. Treatment for periodontosis, even for in-patients, is not considered orthodontic surgery.
(b) Lenses	80	3 000	Coverage is for all prescribed lenses (whether there is a change in strength or not) per two-year period (calendar years), per person. Reimbursement for frames is excluded.
(c) Hearing aids	80	7 500	Per year in a three-year period (calendar years).
(d) Psychiatric treatment and psychotherapy			
(i) Psychiatric treatment	80 (staff member)		If performed by a psychiatrist.
	50 (dependant)	13 000	Subject to the above, per two-year period (calendar years), per dependant.
(ii) Psychotherapy	80 (staff member)		If prescribed by a psychiatrist for a defined therapy by a qualified provider and subject to prior approval by the insurer.
	50 (dependant)	13 000	Subject to the above, per two-year period (calendar years), per dependant.
(iii) Psychoanalysis			Excluded.
(e) Radiological treatment	80		If prescribed by a physician.

<i>Benefits</i>	<i>Basic coverage (percentage)</i>	<i>Maximum amount reimbursed (if applicable) (schillings)</i>	<i>Remarks</i>
(f) Convalescence and spa cures			Medically prescribed convalescence in a medical or rehabilitation centre within one week following hospitalization is reimbursed as hospitalization.
(i) Therapy	80		If prescribed by a physician.
(ii) Accommodation		200 per day	If prescribed by a physician for a specified therapy at a registered spa institution and subject to prior approval by the insurer.
(g) Hospitalization			In-patient treatment involves an overnight stay. Treatment for detoxification for alcoholism or drug abuse is reimbursed as in-patient treatment in a hospital for a maximum of two treatments.
(i) Accommodation in a general ward	100		All-inclusive rate per day (hospital costs and doctors' fees).
(ii) Second-class hospitalization (two or three persons to a room)	90		The percentage is applied to the cost of bed and board, tests, general nursing service, use of operating theatre, laboratory tests, X-rays, drugs, medication and all other in-patient costs. The costs of the stay of accompanying persons and of the use of a telephone, television and other non-medical facilities are excluded.
(iii) First-class hospitalization (single room)	70		The cost of first-class accommodation does not count towards major (catastrophic) medical expenses if first-class accommodation was the patient's own choice.
(iv) Surgeons' and anaesthetists' fees	80		Except for "(g) Hospitalization: (i) Accommodation in a general ward", above, the fees of surgeons and anaesthetists are paid at the rate of 80 per cent irrespective of the class of accommodation, whereas other doctors' fees during hospitalization are reimbursed according to the class of accommodation.

<i>Benefits</i>	<i>Basic coverage (percentage)</i>	<i>Maximum amount reimbursed (if applicable) (schillings)</i>	<i>Remarks</i>
(h) Ambulant treatment	80		Coverage is for out-patient treatment involving no hospitalization, including day surgery.
(i) Transportation	80		Coverage is for emergency ambulance costs only and does not include taxi fares.
(j) Maternity	80		Coverage is for reasonable related treatment in respect of pregnancy as well as up to three applications of contraceptive methods leading to pregnancy.
(k) Preventive care			
(i) Medical examination	80	2 000	Coverage is for one medical examination per calendar year per person.
(ii) Birth control devices and medicine	80	1 000	Maximum amount is per calendar year per person.
(iii) Induced abortion, salpingectomy, vasectomy or electrocoagulation of Fallopian tubes by laparoscopy	80		Once per person.
(iv) Vaccinations and inoculations	80		
(l) Alternative medicine			
(i) Homeopathy, acupuncture	80		Treatment must be performed by a physician or prescribed by a physician and carried out by recognized paramedical personnel. Herbal pharmaceuticals are excluded.

<i>Benefits</i>	<i>Basic coverage (percentage)</i>	<i>Maximum amount reimbursed (if applicable) (schillings)</i>	<i>Remarks</i>
(ii) Neural therapy, ozone therapy and chiropractical therapy	50		<p>Treatment must be performed by a physician or prescribed by a physician and carried out by recognized paramedical personnel.</p> <p>Alternative treatments not covered are: acupressure, anthroposophical medicine, autogenic training, biofeedback therapy, bioresonance treatment, treatment within the framework of traditional Chinese medicine, colon-hydro therapy, hypnosis therapy, music therapy, nutrition counselling, shiatsu and <i>Kneipptherapie</i> (the latter may be reimbursed, subject to prior approval, in connection with a prescribed spa cure). This listing is not exhaustive.</p>
Major (catastrophic) medical expenses	100		<p>Reimbursement of major (catastrophic) medical expenses applies to the uncovered portion of reimbursable medical expenses in a 12-month period that exceeds 5 per cent of the participant's annual emoluments. With regard to participants in the after-service health insurance scheme, annual emoluments shall include any emoluments from assignments in a United Nations common-system organization. The costs of treatment above the limits established or excluded by the group medical insurance plan cannot be taken into consideration in calculating eligibility for reimbursement of major (catastrophic) medical expenses.</p>