

FICSA CIRCULAR



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To: Chairs, Member Associations/Unions
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From: Diab El-Tabari, President

REPORT ON THE WORKING GROUP ON AFTER SERVICE HEALTH INSURANCE (ASHI)

*by Tanya Quinn Maguire, Co-chair of the FICSA Standing Committee on Social Security
(Rome, 31 August and 1 September 2015)*

Background

1. Following the report of the Secretary-General to the General Assembly (GA) on managing health insurance liabilities in August 2013, the GA adopted resolution A/RES/68/244 which requested the Secretary-General to “undertake a survey of current health-care plans for active and retired staff within the United Nations system, to explore all options to increase efficiency and contain costs and to report thereon at its seventieth session”.¹
2. Subsequent to that decision, the HLCM Finance and Budget Network expanded the terms of reference of the already existing ASHI Working Group to respond to the GA resolution.
3. The Working Group started its work in January 2015. At that point, FICSA had not been invited to participate in it. However, through the cooperation of FAFICS, FICSA had been informed of the work of this group. (During the meeting of the SC/SOCSEC in February 2015, FAFICS offered their cooperation with FICSA on the issue of ASHI.)²
4. FICSA was invited to participate in the Working Group just prior to meeting in Rome on 30 August and 1 September 2015.
5. FICSA Executive Committee nominated Tanya Quinn-Maguire, Co-Chair of the SC/SOCSEC, to represent the Federation on this Working Group.

¹ Please refer to FICSA/C/68/SOCSEC/1 for a complete background on this topic.

² Refer to FICSA Council decisions: FICSA/C/68/D/11 - FICSA/C/68/D/14.

Rome Workshop, ASHI Working Group, 31 August and 1 September

6. The objectives of the meeting were to: review the survey data from the analysis presented by the consultants (Price Waterhouse and Coopers - PWC); review and discuss the presentation, recommendations related to cost-containment measures and report presented by the consultants; and agree on next steps.

7. It was noted that the final outcome of the meeting should be a draft report to the General Assembly.

Survey analysis presented by PWC

8. PWC presented the Working Group with a comprehensive analysis of 23 health insurance plans (covering 55 agencies) based on responses to three surveys. It was noted that there were large gaps and inconsistencies in the data which highlighted the need to improve data collection across the UN system. However, it had been possible to identify general similarities across the plans in relation to benefits and eligibility. It was noted with interest that although a majority of participants in the various plans across the system reside in Africa, Europe, Asia and the US, the highest percentage of claims and premium costs arose in the US, Switzerland and Europe.

9. There were a number of conclusions drawn by the consultants from the analysis related to benefits of self-insured plans over those administered by third parties and vice-versa. Many members of the Working Group strongly contested these conclusions noting that the consultants themselves had stated that it was difficult to make comparisons based on the data received. It was generally agreed that while the data was a good basis for discussion, the Working Group should be cautious about drawing definitive conclusions and should rather concentrate on what could reasonably be deducted.

10. The Working Group requested the consultants to share additional information related to eligibility for ASHI under the different plans. (This was done some weeks after the meeting.)

11. In considering the data, the Working Group concluded that it would be important to ensure that the final report to the GA include a narrative to explain the existence of 23 plans across the system (driven by demographics and geography over the years).

Cost-containment measures

12. The second session of the meeting focused on recommended cost-containment measures which were based on discussions held during the meeting of the Working Group held in Geneva on 18 and 19 June 2015, as well as subsequent research by the consultants at the request of the Working Group.

13. Five “strategic levers” were discussed on the basis that agencies could optimize their benefits costs and administrative arrangements by adopting applicable strategic levers and/or by moving into a different insurer-administrator arrangement based on cost comparison.

14. Following a request for clarity by the FICSA representative, it was noted that three of the recommended strategic levers had already been agreed to in June by the Working Group and were no longer up for discussion. These were:

- a. Collective negotiations with third-party administrators (TPAs) in order to increase visibility on costs of support and reduce service costs (applicable to self-insured and self-administered plans as well as all TPA plans);
 - b. Collective negotiations with health care provider networks in order to improve buyer power, reduce service costs and set beneficial terms (applicable to self-insured and self-administered plans); and
 - c. The need to undertake underwriting reviews and negotiations with insurers to enable agencies to monitor and control insurance premiums (applicable to externally insured plans).
15. Other factors proposed as strategic levers, pending further discussion, were possible use of national schemes with a view to reducing ASHI benefit costs for agencies, as well as future plan design and funding with a view to optimizing cost and benefits for future participants and ensure funding of ASHI.
16. With regard to leveraging national schemes in some countries as a strategy to contain ASHI costs, it was noted that each plan would need to develop respective business cases by procedure and region to fully assess the impact on cost and to assess the impact of “less tangible” factors such as: delays in access to care, access to experts; impact on taxes, etc. The FAFICS representative noted that it would be necessary to have further information on eligibility for both staff and their dependents to enrol in national schemes. Following a question from the FICSA representative, it was noted that national schemes would only be used in conjunction with existing UN system health insurance plans, which would continue to be the primary source of health insurance. Currently, retirees use ASHI as a top-up to national schemes where appropriate.
17. Following discussion, initiated by the FICSA representative and supported by other members of the Working Group, the latter agreed that it would be important to ensure that the issue of acquired rights be taken off the table for discussion by the GA, as the latter had already discussed and pronounced on this issue in the Secretary-General document A/68/353. It was agreed that a section on acquired rights would be included in the final report to the GA.
18. The FICSA representative suggested that it would be important to include, perhaps in a preamble to the report to the GA, a statement on the basic principles on which agencies base their plans and to which the Working Group adhere:
- a. The concept of universal health coverage for all;
 - b. The need for the UN agencies to attract and retain the best staff globally;
 - c. The need to ensure client satisfaction; and
 - d. The principle of equal work for equal pay (in considering future staff having access to comparable benefits in any future insurance plan design).

It was unanimously agreed that the report to the GA would emphasise social and acquired rights of staff.

ASHI liability valuation

19. The Working Group considered the information provided by the consultants on the ASHI liability and noted that the report to the GA should include in the narrative a recognition of the nature of the liability which the Working Group concurred was an accounting rather than an economic liability.

20. While the liability was estimated at 16 billion US\$, the Working Group noted that this figure was based on a number of variables and therefore could change dramatically.

21. The Working Group also noted with concern that the funding of the liability had now been transformed into an issue of cost containment. The Working Group agreed that the ASHI liability is an organization's liability and should not be transferred to the participants in the various health insurance plans as they were already covering their part of the liability through their premiums. It was also stressed that the liability had not arisen due to the benefits but rather due to lack of appropriate management and forethought.

22. However, the Working Group noted that they had been tasked to provide possible options to manage the liability going forward. A number of possible scenarios were discussed, ranging from the possibility of a new harmonized scheme for future staff members to remaining with the status quo.

23. The Working Group concluded that they were not in a position to provide concrete recommendations on this issue at this point.

Next steps

24. The Working Group is currently finalizing its report to the GA through a number of video conferences. The FICSA representative has participated in all of the video conferences to date and was invited to join the drafting group.

25. The report should be finalized in time for the Finance and Budget Network meeting scheduled for 2 November.

26. Once the report is cleared by the Finance and Budget Network, it will be passed to the HLCM who will then present the report to the General Assembly.

Observations

27. Participation in this Working Group by FICSA would not have been meaningful without the excellent report prepared by Gerhard Schramek, FAFICS, as a background document to the discussion by the SC/SOCSEC in February 2015. This is noted in particular due to the extremely short notice provided in advance of the meeting.

28. The FICSA representative would concur with the observations made by Mr. Schramek in his report that it is unfortunate that the Working Group was created under the auspices of the Finance and Budget Network rather than the HR Network. This has obviously resulted in the membership of the Working Group consisting primarily of financial and insurance experts who concentrated a lot of the initial work on the financial aspects. That being said, once the suggestions related to social and acquired rights of staff were introduced it was clear that there was no objection to these notions being included in the report as guiding principles.

29. The working atmosphere of the group was open and collegial and comments and suggestions from all participants were given equal weight and consideration.

30. While the Working Group will provide recommendations in their report to the GA which are meant to inform agencies to enable them to make decisions, it was clear that particularly some of the specialized agencies will ultimately make their own decisions in relation to this issue, particularly regarding funding of the liability.

Recommendations

30. The GA will make a recommendation on the future work of the Working Group. Should the GA recommend that it continues its work on this issue, it is strongly recommended that FICSA ensures its continued representation in the Working Group. In considering possible nomination of a FICSA representative to the Working Group, it should be noted that at the very least a basic knowledge of UN health-insurance schemes is required. FICSA should also ensure that any future participation is consistent to ensure meaningful participation in the work of the group.
