

# **AFICS ANNUAL ASSEMBLY ASHI PRESENTATION - JAYANTILAL M. KARIA**

29 May 2019

Dear Members of AFICS/NY,

It has been a pleasure serving as your representative on the AFICS Governing Board for the last four years and ensuring that our collective interests in the After Service Health Insurance (ASHI) are well preserved.

First of all I would like to assure you that AFICS/NY continues to be very much involved with the Administration to ensure that the ASHI and any issues related to Health and Life Insurance programmes are addressed expeditiously without negative impact on the retirees. I would like to take this opportunity to thank the Insurance Section representatives, Messrs. Carlos Perrone and Genc Osmani and Ms. Elma Whetherspoon and their staff who continue to provide very good service to all participants and address the concerns raised by us in a pro-active manner. I also take this opportunity to thank Ms. Sunitha Korithiwada, former Chief of the Insurance Service who has now moved on to other part of the Organization.

## **1. AFICS Representation on HLIC:**

AFICS/NY has historically had two observer positions in the Health and Life Insurance Committee (HLIC) where Dr. Sudershan Narula and myself are the current representatives. Dr. Agnes Pasquiere and Marianne Brzak-Metzler are alternate representatives from AFICS. Mr. Frank Eppert who very able represented us in the HLIC for many years has decided to step down. The HLIC has representatives of the Administration, Staff Union, and now representatives from UNDP and UNICEF as well and Observers from AFICS. You may recall, we had requested that the Governance of the HLIC be changed which will allow AFICS full membership together with UNDP and UNICEF, which was being reviewed by the Administration. Based on our efforts, UNDP and UNICEF now are full Members of HLIC and issue of full membership of AFICS is still under review, we will continue to work on this important issue with the Administration. As we just heard from Ms. Martha Helena Lopez that going forward there will be 3 HLICs dealing with various insurance plans. We will work with the Administration to ensure appropriate representation of retirees in these committees, which of course may pose some challenges dealing with 3 separate committees.

While AFICS provides continuous assistance to retirees on individual basis, some of the main issues addressed by AFICS and HLIC during the 2018/2019 are as follows:

## **2. Dedicated Resources for ASHI:**

You may recall that as AFICS representatives, we had proposed to have two dedicated resources in the Insurance Service to address the individual issues brought up by retirees promptly. Based on our continuous discussions with senior Secretariat officials and

follow-ups in the HLIC, I am pleased to inform you that 2 GS staff have now joined Insurance Section who are dedicated to serve the retiree community on matters related to Health and Life Insurance. Based on our efforts, dedicated phone line has also been set up with specific times when retirees may call on Health insurance related matters. The number which is available on our website is **917-367-9727**. The email address is [ashi@un.org](mailto:ashi@un.org)

3. **Medicare part B premium reimbursements:** As you are aware Medicare Part B premiums paid by retirees are reimbursed by the Secretariat based on the claims filed by the retirees with appropriate documentation submitted to Insurance Section. You may recall that at the last Assembly I had reported that some retirees were not being reimbursed as they had not submitted appropriate documentation and their reimbursement was being held in suspense accounts. The Insurance Section has been pro-actively working on these cases to ensure that all amounts held in the suspense accounts are fully reimbursed to the individuals concerned. We suggest that retirees enrolled in any of the medical insurance plans as well as Medicare Part B, verify that they are being reimbursed for Medicare premiums paid by them directly or through deductions from their social security payments. Anyone still having problems on Medicare part B premium reimbursement should inform the Insurance Section. Also please pass on this information to fellow retirees.

4. In the HLIC, as per its on-going mandate, a number of cases for exceptional reimbursement were reviewed where medical costs for some participants were higher than established thresholds of various insurance plans. As AFICS representatives, we continue to ensure that all cases are treated in a fair manner.

5. For the last three months HLIC has been having weekly meetings to review overall experience in the use of various medical plans by the Participants, in preparation for the 2019 renewals, for the period July 2019 to June 2020. The representatives of various Medical plans such as Aetna, Blue Cross, Cigna dental and Cigna International provided detailed statistical information on the overall usage, trends of medical costs including financial results of the plans and future projections.

Some of the main issues reported are basically same as in previous years, which are:

- Escalating cost of medical treatments especially for pharmaceuticals, which continues to increase significantly in double digits.
- Use of Emergency rooms in hospitals for non-emergency treatments continues to be high
- Use of out of network physicians and other service providers such as physical therapists.

6. In order to ensure that the current benefits are not changed in any significant manner, HLIC reviewed various options presented by the Administration and Insurance providers. After a number of intense discussions, the HLIC has agreed with

some changes in the premiums and benefits ensuring that these are kept to a minimum with adequate reserves for each plan. Fyi, as AFICS representatives, we did not agree with proposals to raise deductibles for office visits, however, unless efforts are made to ensure that the medical cost increases are reasonable, we may not have a choice but to face increases in co-payments for office visits in the future. The Administration will be announcing changes in the rates and benefits effective 1 July 2019 shortly which will be posted on the AFICS website.

7. At this stage I am going to reiterate what I have said in the past on our collective responsibility to ensure that future premium increases are kept at a minimum and what we can do to ensure that we use the plans most effectively and efficiently. As you know UN medical plans are self-insured by the Organization so the premiums are established based on forecasted usage of the plan. If medical costs go up, obviously the premiums increase So the question is what can we individually do to minimize overall costs:

- As pharmaceutical costs are increasing rapidly, it is important to ensure that participants discuss with their physicians use of generic medicines, which are significantly less expensive. E.g. some commonly used medications for high cholesterol are or will be available as generics shortly. So please mention this to your physician.
- Emergency Room visits for Non-Emergency medical treatments—the number of ER are still quite high. Fyi each ER visit costs over \$1800 on average and participants also pay \$75 as Co-pay. It is better to use Urgent Care Facilities which are now available everywhere which provide basic medical services with much less waiting time compared to waiting for hours in the ER. These facilities provide the basic services and besides being much less expensive, the co-pay for the participant is around \$20
- It appears that still a number of participants are using out-of-network providers with significant higher costs specially for physical therapists with average cost of about \$400 compared to about \$150 in-network. So let us all ensure that we use in-network providers. It also appears that some providers especially for physical therapy are in our insurance network, however for their patients covered under UN insurance plans, they submit claims as being out of network with higher fees. So please check with medical service providers that they will be submitting claims as being in Network and also verify settlement of your insurance claims to ensure that fees are correctly charged.
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- When you are seeing any medical treatment and look up an appropriate Health provider, the important question on insurance is not if they accept Blue Cross or Aetna, but ask if they are **In-Network of the plan that**

**you have.** Information on In-Network providers is also available on various insurance provider websites.

- AFICS/NY will continue to address issues related to Health and Life Insurance programmes. It will also continue to work closely with the Insurance Section in the Secretariat. Insurance Section will continue to communicate with details of various changes and services available. Please ensure that both your email and physical mailing addresses as well as your current banking information are on file with the Insurance Section.

## 8. **After Service Health Insurance (ASHI) Report of the SG to the GA**

- a, I now turn to the work performed in ASHI working Group where Warren Sach represents us as FAFICS representative.
  
- b. The General Assembly adopted a resolution in April 2019 entitled “Managing after service health insurance”. The resolution requests the S-G to present at its seventy-fifth session comprehensive proposals to be applied after 1 January 2022 which would incorporate changes in the funding model for future retirees, a new entitlement accrual mechanism to relate the agency paid part of premiums to the length of service. The Assembly also agreed to maintain a pay-as-you-go funding arrangement for the United nations (Agencies may do otherwise).
  
- c. It is recalled that the report of the S-G, A/73/662 of December 2018 was proceeded by a series of prior reports which. examined the vexing issue of the billions of dollars of unfunded liabilities on the financial statements of common system, organization in respect of ASHI employer contributions. The prior reports had also examined the possible use of national health schemes, a review of third party administrators, underwriter’s reviews and other cost saving measures. The reports had been prepared with the active participation of the High-Level Committee on Management using the Finance and Budget network. The Working Group has included 4 FAFICS representatives as well as representative from FICSA and CCISUA. At this point the Working Group has indicated that it has run its cause. Most recommendation were agreed on consensus basis, but this was not the case with the accrual mechanism, which was opposed by FICSA, CISSUA and FAFICS. It was also not supported by ACABQ.
  
- d. The President of FAFICS requested and was granted the right to address a formal meeting of the Fifth Committee. In his statement of 15 March, he expressed support for pay-as-you-accrue, rather than pay-as -you -go arrangement, which

exposed the organizations to massive and growing unfunded liabilities, currently estimated at 8.8 billion dollars.

- e. Next steps are a little unclear. In that nobody had expected the G-A to ask for a further report to the 75<sup>th</sup> session. FAFICS will continue to monitor the situation to try and insure that we are in bold in any future initiative to change ASHI or it's financing.

Finally, one message I leave with you all: We have an excellent benefit for Health Insurance under ASHI and it is our collective responsibility to use this benefit most effectively and efficiently. Unfortunately Medical costs will continue to increase, especially for pharmaceuticals, let us be vigilant in costs being charged to us for medical services.

Thank you,  
Jayantilal M. Karia  
AFICS/NY Vice President and Co-Chair, Insurance Committee.