

AFICS ANNUAL ASSEMBLY ASHI PRESENTATION -
JAY KARIA

25 JUNE 2018

Dear Members of AFICS/NY,

It has been a pleasure serving as your representative on the AFICS Governing Board for the last three 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 is 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 and Disbursement Service (IDS) representatives, Ms. Sunitha Korithiwada and 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.

AFICS/NY has historically had two observer positions in the Health and Life Insurance Committee (HLIC) where Frank Eppert and myself are the current representatives. Dr. Sudershan Narula and Dr. Agnes Pasquiere are alternate representatives from AFICS. The HLIC has representatives of the Administration, Staff Union, and observers from UNDP and UNICEF and AFICS. We have requested that the Governance of the HLIC be changed which will allow AFICS full membership together with

UNDP and UNICEF, which is being reviewed by the Administration. While AFICS provides continuous assistance to retirees on individual basis, some of the main issues addressed by AFICS and HLIC during the 2017/2018 are as follows:

1. 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 will be joining Insurance Service in the next few weeks to improve client service for the retiree community.
2. **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 IDS. Based on a few cases that have come to our attention and which we had followed up with IDS, it appears that some retirees are not being reimbursed as they have not submitted appropriated documentation and their reimbursement is being held in suspense accounts. We have requested IDS to pro-actively work on these cases and ensure that all amounts held in the suspense accounts are fully reimbursed to the individuals concerned. Therefore, 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 Service. Also pls pass on this information to fellow retirees.

3. **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 ensured that all cases were treated in a fair manner.

4. **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 2018 renewals, for the period July 2018 to June 2019. 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 were:

- Escalating cost of medical treatments especially for **pharmaceuticals**, which continues to increase significantly in double digits.
 - **Use of Emergency rooms** in hospitals also shows increasing trend
 - **Use of out of network physicians and other service providers such as physical therapists.**
5. In order to ensure that the current benefits are not changed in any significant manner, HLIC reviewed various options presented by the Administration. 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.** The Administration has just announced changes in the rates and benefits effective 1 July 2018 which has been posted on the AFICS website and will also be announced by the Insurance representatives later on.
6. In order to ensure that future premium increases are kept at a minimum we all have a collective responsibility 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 medication for high cholesterol are or will be available as generics shortly. So pls mention this to your physician.

- **Emergency Room visits** – Number of ER visits show an increasing trend. 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 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 \$300 compared to about \$150 in-network. So let us all ensure that we use in-network providers.

- **Use of Active Health Programme** which allows management of chronic conditions such as diabetes, hypertension etc.

AFICS/NY will continue to address issues related to Health and Life Insurance programmes. It will also continue to work closely with the Insurance Service in the Secretariat . Insurance Service 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 Service.

ASHI INTER-AGENCY WORKING GROUP

After Service Health Insurance, ASHI for short , continues to be an important topic for all retirees, ASHI/NY and indeed for FAFICS. The General Assembly has been seized of the topic for many years and has received a detailed report at the 71 st session of the GA and is due to receive a further report from the Secretary-General at the 73rd session this Fall. The reports by the Secretary-General draw heavily on the work of a Working Group convened under the auspices of the Chief Executives Board / High Level Committee on Management (CEB/HLCM), in response to a broad General Assembly mandate. The members, working for the last three years have been drawn from common system organizations and cover insurance units of administrations as well as representatives of UNJSPF, FICSA, CISSUA, and FAFICS. Retiree interests are monitored and taken care of by four members designated by FAFICS and based in Paris, Geneva, Vienna and New York, we are represented by Warren Sach on the

Working Group. The work to improve ASHI operations has proceeded on the clear basis that Acquired Rights will be fully respected with regard to any proposals for changes in ASHI. At the 71st session in 2016 the report addressed and disposed of the topics of , Broadening the UNJSPF mandate to cover ASHI, Underwriting reviews , Negotiations with insurers , and the Investment of reserves. The pension fund mandate is not recommended to be extended to cover ASHI.

Other topics initially reported to the Assembly in 2016 but not yet fully disposed of include , Collective agreements with Third Party Administrators, negotiations with health care providers, National Health Insurance Schemes (like Medicare B) , ASHI liability valuation methodology, and funding of the billions of dollars of ASHI liability. The General Assembly is yet to fully pronounce on these and could in principle do so this Fall.

This Fall in 2018 , the new , yet to be issued report of the Secretary - General, drawing on the working group discussions will address Insurance Groups, cost containment measures, portability measures and entitlement measures including the number of years of service required to establish a right to ASHI participation. The working group continues discussing these with 4 more planned audio/video conferences in addition to the 12 held since June 2017 as well as two face to face meetings.

The outstanding topic of greatest interest and importance appears to be the use of National Health Insurance Schemes following the use of Medicare B in the United States. As

this US experience has yielded significant savings, interest has grown with regard to any other opportunities for use of national health schemes elsewhere. Accordingly, the working group has devoted considerable energy towards this topic. Thus cost benefit data and opportunity information was collected for 9 countries that represented, as a group, a little over half of pension fund beneficiaries (50.5% of 77,242). Member states were also queried in these matters but provided little useful information. The conclusions agreed unanimously by the working group were that it would not be beneficial to use other national schemes. Conditions differed substantially from the US arrangements. Accordingly, it is not anticipated that there will be further recourse by the common system to the use of national schemes. However, it is appropriate to enter a word of caution here. The report of the Secretary General is yet to be issued. It will draw on the Working Group findings but could differ in some respects as consultations on several topics continue with both the FB and HR groups of HLCM. You can be assured however that we will remain fully engaged and closely monitor developments at the ACABQ and Fifth Committee stages remembering that Acquired Rights are to be respected in full and any future ASHI changes must be fair.

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