

ILO/ITU STAFF HEALTH INSURANCE FUND

Record of Decisions
of the 199th Meeting of the Management Committee

Monday, 17 January 2011

9.30 a.m., ILO, Room XII Elimane Kane (M3 South)

Present:

Representing the insured persons:

ILO

Ms. Chantal Amine, from 09.55 to 10.00 a.m.
Mr. Christopher Baron
Ms. Mireille Ecuivillon
Mr. Jean-François Santarelli
Ms. Xenia Scheil-Adlung

ITU

Mr. David Broadhurst (as of 10.00 a.m.)
Mr. Michel Rolland

Representing the Organizations:

Mr. Charles Agbavwe
Mr. Tilmann Geckeler
Mr. Fikri Gurzumar
Mr. Juan Llobera
Mr. Giuseppe Zefola

Ms. Marianne Wilson

Other attendees:

Mr. Clifford Kunstler, Executive Secretary of the SHIF

Apologies for absence were received from:

Ms. Anne Drouin – Mr. Philippe Marcadent

The meeting opened at 09.40 a.m.

Item 1: Approval of meeting agenda
(SHIF/MC/11/199/AG)

Management Committee (MC) decides to approve agenda.

Item 2: Election of the Chairperson and Vice-Chairperson of the Management Committee

Chairperson (2010) calls for election of new Chairperson and Vice-Chairperson.

For 2011, Mr. Tilmann Geckeler elected Chairperson and Mr. Jean-François Santarelli Vice-Chairperson.

Chairperson (2010) turns meeting over to new Chairperson.

Item 3: Composition of the Standing Subcommittee

MC decides that the 2011 composition of the Standing Subcommittee will be the same as in 2010.

Item 4: Exchange with Dalberg consultants regarding feasibility study on outsourcing SHIF claims processing to the private sector – Presentation of Dalberg’s final report and ILO Cost Benefit Analysis
(SHIF/MC/2011/199/4)

Document ref. SHIF/MC/2011/199/4 (final report of 3 January 2011 prepared by Dalberg Global Development Advisors (Dalberg): “Cost Benefit Analysis of Externalising Staff Health Insurance Claims Processing”) distributed to MC members. Certain MC members regret that report not distributed before the meeting. Executive Secretary (ES) explains that report distributed at the same time to MC, SHIF staff (ILO and ITU) and ILO Staff Union Committee.

Mr. W. de Wit and Ms. G. Cassar of Dalberg present their methodology and findings, as represented in the final report of 3 January 2011. Study focuses on transferring claims settlement function to private sector third-party administrator (TPA). Cost analysis more in-depth than in initial study (May 2010). Benefit analysis more complete (based on RfI and interviews with other international organizations), but quantitative analysis difficult in certain areas. RfI developed based on current SHIF Regulations and Rules, reporting requirements, audit requirements, etc. Risks are assessed according to effects on ILO. Cost analysis takes into account costs associated with new HIIS.

Dalberg specifies that insurance benefits, self-funding, governance (SHIF Management Committee), running of the Fund and financial supervision by SHIF Secretariat, SHIF Help Desk remain unchanged. In cost analysis, it is assumed that claims settlement staff is fully re-deployed.

Dalberg emphasizes that none of the benefits cited should be construed as an indictment of the SHIF staff’s performance. Indirect benefits cited by other organizations (direct payment to healthcare providers, 24-hour access, cost containment, improved confidentiality, prevention against favoritism) during interviews do not necessarily apply to ILO at ITU. Also, because claims settlement is the private sector providers’ core business, efficiencies associated with scale are achieved and a service/IT standard set that the SHIF would understandably struggle to meet. Claims adjusters currently stretched because of increased volumes and complexity. Sick leave or annual leave results in backlogs.

Chair opens floor for discussion.

MC members noted that transferring claims settlement function would be cost neutral. Also note main risks cited by Dalberg: few TPA’s able to settle SHIF claims at the required level of reliability. Limited “Plan B” options. Procedural changes financially onerous for contractual reasons. Re-integrating claims settlement function technically difficult and costly.

MC members acknowledge that work carried out by Dalberg highly professional (even if benefit analysis mostly qualitative). Findings useful insofar as serve to identify areas of improvement in SHIF service. MC should commit to exploring further, taking into account resource limitations.

ES informs MC of meeting called 26.01.2011 by Ms. P. O'Donovan, during which ILO management will formulate recommendation to Director-General. Chair emphasizes that Ms. O'Donovan's re-assignment will have no impact on Office's consideration of that recommendation.

MC member representing Director-General reminds MC that initiative to commission first and follow-up studies constitute response on the part of the Office to willingness of a number of international organizations to increasingly outsource or outsource. Office's initiative protects ILO, ITU and insureds (active staff and retirees) against ill-informed decision.

MC member representing Secretary-General informs MC that the ITU will support any position taken by ILO management and the Director-General, including transfer of claims settlement to a TPA, provided best interests of organizations and insureds are safeguarded. ITU claims adjusters would be fully re-deployed.

Certain MC members representing the insured persons expressed the firm view on the basis of the consultants' report that outsourcing would not be in the interest of the insured persons.

MC decides to write to Ms. O'Donovan, in advance of 26.01.2011 meeting, in following terms:

MC notes that Dalberg report reflects no major financial benefit, over the initial 6-year period, to migrating claims settlement to TPA. Following initial 6-year period, once the costs associated with the new HIIS have been absorbed, status quo option is financially more advantageous.

MC notes that certain risks have been assessed as high by Dalberg. MC concerned about the vulnerabilities (cost, service, business continuity) associated with limited size of TPA market, both in the short- and longer term. Also, certain risks may have been under-estimated (ex.: difficulty of interfacing with internal departments or of adequately managing exceptional cases).

MC notes high quality of the work carried out by Dalberg. MC in particular appreciates areas identified in which it might be possible to improve the operations of the SHIF. MC committed to focussing efforts on ensuring progress made in these areas.

Item 5: Working priorities for 2011

MC decides on following working priorities:

- **Complete work on revision Article 1.6 of SHIF Regulations;**
- **Continue work toward enhancing LTC insurance coverage;**
- **Re-visit USD capped benefits in SHIF Schedule of Benefits and adjust where appropriate;**
- **Explore ways to improve SHIF service in areas identified through Dalberg findings (cost containment, confidentiality, data protection); and**
- **Conduct elections in compliance with para. 2 of Art. 4.2 ("Designation and term of office of the Management Committee").**

MC requests of Secretariat that SHIF Regulations and Administrative Rules be updated and re-published. ES informs MC that work on this has already begun.

Certain MC members request that issue of assessment base (net versus gross) for retirees be re-visited. Chair reminds MC that issue of assessment base in respect of contributions has already been addressed by MC.

Certain MC members request that issue of preventive treatment requiring the organizations' cooperation be re-opened, including in respect of retirees.

Chair suggests that rules in respect of decision making (ex.: special cases) and delegation of authority need to be re-visited.

Item 6: Meeting dates for 2011

MC decides that 6 MC meeting dates should be set for 2011. Standing Subcommittee meetings should be set in such a manner as to enable special cases to be considered no later than 6 months following submission to the Secretariat.

Item 7: Other Business

1. Financial situation and membership statistics at 30.11.2010

ES comments on situation reflected in document ref. SHIF/MC/2011/199/7-FS distributed to MC members.

2. Reimbursements in respect of an insured person (P.60048)

ES informs MC that reimbursement in respect of the insured person have exceeded USD 300'000.00. Having considered the financial situation of the Fund, MC agrees to reimbursements exceeding USD 300'000.00.

3. Medical Adviser

ES informs MC that Dr. S. Bossy no longer available to act as SHIF Medical Adviser. ES recruiting replacement Medical Adviser (ExColl contract). MC notes without comment.

The meeting ended at 12.40 p.m.
