Registry's translation, the French text alone being authoritative.

SEVENTIETH SESSION

In re GERARD, LEMOINE, MARTENS-SERVAES and PETIT

Judgment 1094

THE ADMINISTRATIVE TRIBUNAL,

Considering the complaints filed by Mrs. Martine Gérard and Mrs. Elisabeth Petit against the European Organisation for the Safety of Air Navigation (Eurocontrol Agency) on 12 May 1989 and corrected on 19 May, Eurocontrol's replies of 25 July 1989, the complainants' rejoinders of 6 October, the Agency's surrejoinders of 16 November 1989, the complainants' further submissions of 11 January 1990 and Eurocontrol's comments thereon dated 15 and 16 March 1990;

Considering the application to intervene filed by Mr. Jean-Marc Roussot in Mrs. Gérard's and Mrs. Petit's complaints;

Considering the complaints filed by Miss Michelle Hélène Lemoine and Mrs. Catharina Martens-Servaes against the European Organisation for the Safety of Air Navigation (Eurocontrol Agency) on 19 May 1989, Eurocontrol's replies of 25 July 1989, the complainants' rejoinders of 6 October, the Agency's surrejoinders of 15 November 1989, the complainants' further submissions of 11 January 1990 and Eurocontrol's comments thereon dated 16 March 1990;

Considering the applications to intervene filed in Miss Lemoine's and Mrs. Martens-Servaes's complaints by Mr. Ian Fuller, Miss Linda Lang, Mr. Gino Lefevere, Mrs. Patricia O'Neill and Mr. Jean-Marc Roussot;

Considering Articles II, paragraph 5, and VII of the Statute of the Tribunal, Articles 72, 92 and 93 of the Staff Regulations governing officials and of the General Conditions of Employment of the Agency and Rule No. 10 concerning sickness and accident insurance;

Having examined the written evidence and decided not to order oral proceedings, which none of the parties has applied for;

Considering that the facts of the case and the pleadings may be summed up as follows:

A. At its 73rd Session, on 5 July 1988, the Permanent Commission of Eurocontrol adopted an amendment to Article 72 of the Staff Regulations governing officials of the Agency and of the General Conditions of Employment to take effect retroactively from 12 November 1987.

By office notice 20/88 of 27 July 1988 the Director

General so informed staff and announced amendments to Rule No. 10 concerning sickness and accident insurance: in Articles 10, 11, 12, 13, 14, 16 and 21 the figure 80 was replaced by 85 per cent, and in Article 17 the figure 80 was replaced by 100 per cent.

The complainants are officials of the Agency. Having incurred expenses for confinement, they claimed refunds from the Sickness Insurance Scheme. Mrs. Gérard and Mrs. Petit each supplied a lump-sum invoice covering all their expenses.

Mrs. Gérard and Mrs. Petit each got a statement of account dated 29 September 1988 that showed that the total amount of their confinement expenses had been refunded at the rate of 85 per cent under the head "lump-sum costs of stay in hospital for confinement", not subject to a maximum limit. Miss Lemoine's confinement having taken place on 16 February 1988 and Mrs. Martens-Servaes's on 22 March 1988, they got refunds which were reckoned at the time at the rate of 80 per cent. On 11 October 1989 the Scheme sent them a supplementary statement of account

in which "confinement fees" and "hospital treatment for confinement" were refunded at the full rate - 100 per cent - while "lump-sum costs of stay in hospital for confinement" and "pharmaceutical products" were refunded at the rate of 85 per cent.

Believing the refunds to be not in line with the amended text of Article 72, Mrs. Gérard and Mrs. Petit on 15 December 1988, Miss Lemoine on 21 December 1988 and Mrs. Martens-Servaes on 22 December 1988 submitted "complaints" to the Director General under Article 92(2) of the Staff Regulations. Having got no replies within the prescribed time limit, they filed the present complaints against the implied rejection of their claims.

In letters of 18 July 1989 the Director General replied to their internal appeals. He informed Mrs. Gérard and Mrs. Petit of the decision to break down their bills under three heads: the costs of their stay in hospital refunded at the rate of 85 per cent up to a maximum limit, doctors' fees refunded at the full rate but also subject to a maximum limit, and sundry expenses refunded at the 100 per cent rate and in full.

He agreed to the refund at the full rate of Mrs. Martens-Servaes's pharmaceutical expenses and of Miss Lemoine's expenses for medical treatment, tests and analyses, sundry tests and hospital treatment as well. No maximum limit was applied to their confinement fees inasmuch as these were below the prescribed limit.

B. Mrs. Gérard and Mrs. Petit want refund at the full rate of the "lump-sum costs of stay in hospital for confinement". Miss Lemoine is challenging charges on her statement of account relating to the period from 16 to 22 February 1988. Mrs. Martens-Servaes's claims concern the refund of "lump-sum costs of stay in hospital for confinement" and "pharmaceutical expenses".

The complainants observe that according to Article 72(1) as amended the rate is "increased to 100% ... in cases of confinement". The reference to "cases of confinement" being unqualified, the text covers any sort of confinement, whether normal or "difficult", in hospital or at home. Besides, in its amended form Article 17 of Rule No. 10, on confinement, is at odds with Article 12, on hospitalisation, to which it refers, inasmuch as 17 provides for refund at the rate of 100 per cent and 12 at the rate of only 85. The cross-reference is also at variance with Article 72(1) of the Staff Regulations. In point of fact the amendments to the Staff Regulations have made the text of the Rule quite wrong. That is no valid reason for Eurocontrol's failure to apply the Staff Regulations.

Miss Lemoine and Mrs. Martens-Servaes add that for all the other direct costs of their confinement - just pharmaceutical expenses in Mrs. Martens-Servaes's case - the Scheme simply disregarded the explicit wording of the second clause of Article 17: "the fees for a labour room ... and all other expenses relating to services directly connected with the confinement shall be reimbursed ... at the rate of 100%".

The complainants claim from the Scheme the refund of all their confinement expenses at the rate of 100 per cent, in keeping with Article 72 of the Staff Regulations. They also seek costs.

C. In its replies Eurocontrol objects to the receivability of the complaints on the grounds that the only relevant time limits are the ones in Articles 92 and 93 of the Staff Regulations - which are the same as those in force in the European Communities - and so it had the four months allowed in 92 to answer the internal "complaints".

On the merits it contends that since its decisions of 18 July 1989 meet the complainants' other claims the only matters still at issue are the rate of refund of the costs of their stay in hospital for confinement.

It alleges that the complainants have mistaken the meaning and scope of Article 72 of the Regulations. That is the article that empowers the Director General to make rules on the subject, the authority so vested in him allows him to determine the general arrangements for sickness insurance and they include the conditions for the refund of costs. One feature of those conditions is that a stay in hospital for the purpose of confinement is brought under the broader head of hospitalisation for a surgical operation and so under Article 12 of Rule No. 10. So no distinction is made between a stay in hospital for confinement and a stay in hospital for any other purpose, whereas the Scheme does distinguish between the costs of medical treatment for confinement and the costs of the stay as such, which are like hotel expenses. The proper rate of refund of the costs of the actual stay in hospital is therefore 85 per cent. Since Mrs. Gérard and Mrs. Petit gave no indication of the costs of their stay, the Scheme had to make do with the figure it thought right in the circumstances.

D. In their rejoinders the complainants argue that according to the case law the relevant time limits are the ones in Article VII of the Tribunal's own Statute. They were therefore free to infer the rejection of their claims by the date

of filing their complaints.

On the merits they object to the decisions of 18 July 1989, which change some features of the dispute. Though the Director General does have authority to determine the terms of refund under the Scheme, the rules he makes must not be in breach of the Staff Regulations, and the Agency may not act as if those rules and the Regulations are on a par. For the purpose of applying Article 17 there is an obvious connection between a stay in hospital for confinement and the actual confinement. If, as Eurocontrol makes out, there were no difference between hospitalisation for confinement and hospitalisation for other reasons there would be no point in applying different maximum limits.

As for the conditions of refund, Article 12 of Rule No. 10 expressly provides for lump-sum billing for a stay in hospital and there is no maximum limit. The amount the Scheme put under the head "lump-sum costs of a stay in hospital for confinement" was therefore correct. The Director General's decision to break down the costs incurred by Mrs. Gérard and Mrs. Petit under that head was in gross breach of Article 12, quite arbitrary and to a large extent to their detriment.

They press their original claims and further ask the Tribunal to set aside the Director General's express decision of 18 July 1989.

E. Eurocontrol maintains in its surrejoinders that the complainants acted prematurely in filing their complaints between 12 and 19 May 1989 against implied rejection of their internal appeals. Eurocontrol did acknowledge receipt of the appeals on 13 April 1989 and answered them on 18 July 1989.

On the merits it repeats its contention that Rule No. 10 is not at variance with Article 72 of the Staff Regulations, which it merely complements. Article 72 is in general terms and may be put into effect only under the conditions the Director General lays down in further rules. There is no objective reason to apply different rates of refund for a stay in hospital according to whether or not the purpose is confinement. A limit is set only if the costs come up to the relevant maximum in Rule No. 10. Only when the hospital fails to distinguish the costs of the actual stay from other costs is allowance made for the full lump-sum cost of the stay. The Director General's decision of 18 July 1989 provided Mrs. Gérard and Mrs. Petit with bigger refunds than the original ones.

F. In their further submissions the complainants contend that the Agency's belated allegation of irreceivability is groundless because the Director General's express decision was out of time. Mrs. Gérard and Mrs. Petit seek the quashing of the decisions not to refund at the full rate the expenses they incurred for confinement, including the costs of their stay in hospital; Miss Lemoine and Mrs. Martens-Servaes seek the quashing of decisions not to refund at the full rate the four complainants also seek refund of lump-sum costs in full, Mrs. Gérard and Mrs. Petit further asking the Tribunal to set aside the express decisions to break down such costs.

G. In its further comments Eurocontrol insists that the complaints are premature. As to the substance of the claims, it points out that maximum limits were applied neither to Mrs. Gérard nor to Mrs. Petit and that Miss Lemoine and Mrs. Martens-Servaes, whose costs were less than the relevant amounts, were not affected by the limits.

CONSIDERATIONS:

1. The complainants are staff members of Eurocontrol. Mrs. Gérard and Mrs. Petit are at its Experimental Centre at Brétigny-sur-Orge, in France, Miss Lemoine and Mrs. Martens- Servaes at its headquarters in Brussels. They are in dispute with the Organisation over the refund by its Sickness Insurance Scheme of the costs of confinement, which the Staff Regulations and Rule No. 10 concerning sickness and accident insurance, as amended in 1988, say should be reimbursed at the full rate.

2. Five officials who are similarly placed have filed applications to intervene in the complaints filed by Miss Lemoine and Mrs. Martens-Servaes: Mr. Fuller, Mr. Lefevere and Mr. Roussot (each on his wife's behalf), Miss Lang and Mrs. O'Neill. Their applications are receivable and subject to the ruling the Tribunal gives on the complaints.

3. Though the facts of the cases do differ because of local conditions and each complainant's own circumstances, the issues the complainants raise are the same in law and the cases may conveniently be taken together.

The background of the cases

4. Insurance against sickness is prescribed in Article 72 of the Staff Regulations. The article used to provide for refund of expenditure incurred by an official or a member of his family, normally at the rate of 80 per cent, but at the full rate in the event of serious illness.

5. On 12 July 1988 the Permanent Commission of Eurocontrol amended Article 72 as from 12 July 1987 to provide for refund at the higher rate of 85 per cent of the cost of several listed forms of treatment, including "hospitalisation", and to extend refund at the full rate to "early detection screening" and confinement. The rate of 80 per cent held good for any other forms of treatment and so did refund at the full rate in the event of serious illness. Article 72(1) now reads as follows:

"An official, his spouse ... his children and other dependants, are insured against sickness up to 80% of the expenditure incurred, pursuant to the provisions of a rule of the Director General. This rate shall be increased to 85% for the following services: consultations and visits, surgical operations, hospitalization, pharmaceutical products, radiology, analyses, laboratory tests ... It shall be increased to 100% in cases of tuberculosis, poliomyelitis, cancer, mental illness and other illnesses recognised ... as of comparable seriousness, and for early detection screening and in cases of confinement."

6. After that amendment the new rates of refund were carried over to Rule No. 10, of which Article 17, headed "Confinements", accordingly reads:

"In the case of normal confinements, the fees for the doctor and midwife and, for anaesthesia, shall be reimbursed at the rate of 100%, subject to the maximum limit specified in the Annex.

The fees for a labour room and a physiotherapist and all other expenses relating to services directly connected with the confinement shall be reimbursed separately at the rate of 100%.

[The third and fourth clauses are irrelevant.]

For all confinements, the cost of the stay in a hospital establishment shall be reimbursable as provided in Article 12. Except where complications arise, the cost of a stay of more than ten days in a hospital establishment shall not be reimbursed.

For home confinements, this Scheme shall reimburse the nursing fees for ten days; where complications arise the period for which there is liability to reimbursement, shall be extended."

7. Article 12, to which the fifth clause of 17 refers, provides in its first clause:

"The costs of a stay in hospital shall, in the case of surgical operation or medical treatment, be reimbursed at the rate of 85%, subject to the maximum limit laid down in the Annex."

8. The maximum limits that 17 refers to are given under head 5 of the Annex to the Rule, which is headed "Confinements (Article 17)". They are 26,800 Belgian francs for the treatment and 4,556 Belgian francs a day for a stay in a clinic or hospital. The latter figure is higher than the maximum daily figure set under head 3 of the Annex for "Hospital or nursing home expenses" and lower than the maximum daily figure set under the same head 3 for "Hospital or nursing home expenses (special cases)".

9. The facts that have led to the disputes occurred at a time when the new rules were being put into effect. Since the Scheme paid the costs of their confinement directly, the complainants did not learn until it sent them statements just how much they were getting back. Believing that it had misapplied the new rule prescribing refund at the full rate they lodged internal "complaints" against the decisions. Eurocontrol merely acknowledged receipt and said that the matter was under study.

10. Having got no answer within the time limit of sixty days set in Article VII(3) of the Tribunal's Statute the complainants filed their complaints so as to impugn the rejection of their claims which they inferred from Eurocontrol's silence.

11. After they had filed but before the Organisation replied they got express decisions which were all dated 18 July

1989 and on the following lines:

(a) the costs of confinement are refunded in full, subject to maximum limits for certain forms of treatment;

(b) the costs of treatment in hospital are refunded, in keeping with Article 72 of the Staff Regulations and Article 12 of Rule No. 10, at the rate of 85 per cent up to the maximum set in the Rule;

(c) where there are lump-sum invoices or lump-sum charges in invoices the Scheme determines the nature of the treatment so as to break down the sum totals according to the distinctions in (a) and (b).

12. The Organisation submits in its replies that for the purpose of refund there is a distinction between the costs of medical treatment for confinement as such and the costs of a stay in hospital. In its view the latter, which it likens to hotel expenses, come under Article 12 of Rule No. 10, which relates to the costs of hospitalisation in the event of a surgical operation or medical treatment and which applies by virtue of the reference in the fifth clause of Article 17 of the Rule.

13. Eurocontrol submits that, the complainants having put in lump-sum invoices, it may itself break down the totals according to the criteria in the Rule and work out the right distribution between the different rates of reimbursement prescribed. It also believes that it may apply various maximum limits as set in the Rule for confinement and for a stay in hospital.

14. Since Eurocontrol did not take that stand until the complaints had been filed the complainants had no opportunity to address it properly until they put in rejoinders. They have two arguments. In their submission the new provision for reimbursement at the full rate in the Staff Regulations means that they are entitled to repayment of all costs actually incurred. So any restrictive provisions in the Rule - such as the reference in Article 17 to Article 12 as to the costs of a stay in hospital and setting maximum limits on the amounts to be refunded - offend against the amended text of the Staff Regulations and cannot stand. Nor may Eurocontrol split the totals so as to apply a lower rate of refund to some items. They claim full refund of the costs of confinement.

15. Because the Organisations's dilatoriness had made things unclear the Tribunal decided to ask the complainants to say what exactly each of them was claiming. They did so, and at the Tribunal's request the Organisation put in further submissions on each case.

16. The further pleadings reveal that, though Eurocontrol has since corrected some misappraisals of fact in the original statements, the parties still disagree on the construction to be put on Article 72 and on material provisions of the Rule and that some points in the statements have not yet been explained.

The Tribunal's rulings on the issues of principle

17. The conclusions to be drawn from the facts depend on how the Tribunal rules on the matters at issue. There are three on which the parties disagree: the breakdown of invoices wholly or partly in lump sums, the rate of refund of the costs of a stay in hospital and the application of maximum limits to various heads of expenditure.

The breakdown of lump-sum invoices

18. The complainants submit that since the costs of confinement are refundable at the rate of 100 per cent and in full Eurocontrol may not break down the figures in the invoices. Their plea is mistaken. To allow it would be to deny the autonomy of Eurocontrol's rules. Making out lump-sum invoices, whether they cover all or just some forms of treatment on confinement, is a matter of national social security regulations and practice that are not binding on the Organisation. Eurocontrol must remain free to check the invoices against its own rules and to break any lump-sum figures down for the purpose of applying those rules. It needs to preserve such discretion, the more so because unquestioning acquiescence in lump-sum billing under national regulations would be bound to make for different treatment of staff at different duty stations.

The rate of refund of the costs of a stay in hospital

19. The main issue common to all cases is the rate of refund that applies to the costs of a stay in hospital on confinement. The complainants' argument is that such costs come under confinement; that under the old text of Article 72 all the costs of confinement used to be refunded at the rate of 80 per cent; and that, the rate of refund

having been amended to 100 per cent in 1988, the Scheme should refund those costs in full without making any distinction between the costs of confinement as such and the costs of a stay in hospital.

20. The answer is to be found by taking the provisions of Article 72 in context. The new text prescribes three rates. First, the rate of 80 per cent applies in general where no particular rate is stated. Secondly, the rate of 85 per cent applies to forms of treatment that are expressly listed, and they include a stay in hospital. Thirdly, refund is exceptionally made at the rate of 100 per cent for three forms of treatment of special concern: serious illness, early detection screening and confinement. Refund is made at the full rate out of a wish to be more generous for particular kinds of treatment - such as the screening - or for special cases - serious illness on compassionate grounds and confinement for reasons of social and family policy. The intent underlying the Regulations is to refund at the full rate the costs of all forms of treatment in the contingencies mentioned, even costs that according to the preceding clauses are refunded at a lower rate.

21. The conclusion is that the complainants are entitled to refund at the full rate of the costs of a stay in hospital on confinement notwithstanding the conflicting provisions of Rule No. 10 and that those provisions are to that extent null and void. But of course refund at the full rate applies only up to the maximum period of ten days allowed in the fifth clause of Article 17 of the Rule.

The application of maximum limits to various heads of expenditure

22. The complainants say that the maximum limits the Rule sets are at variance with the rates of refund prescribed in Article 72. Article 17 of the Rule provides for such limits for medical expenses and for the daily cost of a stay in hospital on confinement. It is not clear on the evidence what difference, if any, the limits made to the complainants' statements of account. But since the complainants are challenging the lawfulness of maximum limits and seeking the unconditional application of the 100 per cent rate of refund, it is a matter of principle that requires a ruling on the effect of all the rates prescribed in 72.

23. The purpose of 72 is to make for a workable sickness insurance scheme. To achieve that purpose the article lays down some basic features of the Scheme, and one of them is the rates of refund that apply to different kinds of treatment. And sickness insurance must be provided, says Article 72, "pursuant to the provisions of a rule of the Director-General".

24. The Director General is thereby empowered to do whatever is needed to make the Scheme workable and financially sound, provided that he abides by the provisions of the Staff Regulations, and the cost is shared between Organisation and staff in line with the principle of solidarity. That is why it is a proper precaution to set maximum limits on the costs of some forms of treatment and to require prior permission in some cases.

25. The complainants are mistaken in contending that setting the rate at 100 per cent for confinement and other forms of treatment bars maximum limits. Indeed, the higher the rates of refund, the less the beneficiaries share responsibility for health costs and the more imperative it is to set maximum limits so as to keep the Scheme's finances on an even keel. So the intent of the 1988 amendments to 72 may not be deemed to be the conferment of advantage on those entitled to refund of some costs at the full rate by relieving them of the application of the maximum limits set in the Rule. Setting such limits is an approach that is, after all, common to both national and international schemes, though the decision will be subject to judicial review. The maximum limit on the costs of a stay in hospital for the purpose of confinement was set out at a time when the Organisation took the mistaken view that the rate of refund was 85 per cent. So that limit may not be applied in this case. The Director General shall determine the maximum limits to be applied in future for forms of treatment refundable at the full rate.

26. The complainants' plea therefore fails insofar as what they are challenging is the lawfulness of the maximum limits set by the Rule on the refundable costs of confinement.

The application of the principles to the present cases

27. The instant cases, which must be examined with the above legal considerations in mind, fall into two groups. The first consists of the complainants living in France, Mrs. Gérard and Mrs. Petit, for whom the hospitals gave, in keeping with French practice, lump-sum invoices covering the full costs of confinement. The second group is made up of the complainants who live in Belgium, Miss Lemoine and Mrs. Martens-Servaes and the interveners, four of whom live in Belgium and one in Luxembourg; for them the hospitals gave invoices that were partly detailed,

partly in lump sums.

28. For Mrs. Gérard and Mrs. Petit the hospital followed French social security practice and gave invoices stating lump sums that covered the full costs of their confinement. As Eurocontrol explained in the letters it sent them on 18 July 1989, it broke down the costs and put them under three heads of expenditure. The first is the "stay in hospital", which it refunded at the rate of 85 per cent up to a maximum limit which, give or take a few centimes, was actually the amount that the reckoning at that rate produced. The second head is "doctors' fees", which were refunded at the full rate up to the maximum in the Rule converted into French francs. The third head is "sundry expenses", again refunded at the 100 per cent rate.

29. In both statements of account the costs of the stay in hospital come to the same amount although the complainants did not spend the same number of days in hospital. The medical fees, too, come to the same amount, whereas there are big differences in the amounts of "sundry expenses", which are not otherwise explained, and of the total costs (21,496 French francs for Mrs. Gérard and 13,992 for Mrs. Petit). The amount of the expenses to be borne by each of the complainants is the same: 1,813.17 French francs.

30. In its comments on their supplementary submissions the Organisation refers to its letters of 18 July 1989 and says that it has "corrected" the amounts by paying another 1,411.23 French francs to Mrs. Gérard and another 285.63 to Mrs. Petit. So in the end Mrs. Gérard, who put in the biggest bill, gets refund of all but 401.94 francs whereas Mrs. Petit is left to pay the rather larger sum of 1,527.54 francs.

31. Miss Lemoine's invoice was fairly detailed. Eurocontrol distinguished between two heads of expenditure. The first, which is refundable at the full rate, comprises confinement fees, medical care, laboratory tests and analyses, sundry examinations, hospital treatment (delivery room), hospital treatment (confinement) and pharmaceutical expenses. Eurocontrol explains that "the refund of confinement fees was subject to a maximum limit but in this case it was not reached". The other head of expenditure is the confinement in hospital, which is refunded at the rate of 85 per cent up to a maximum limit. Eurocontrol adds that the Scheme made a mistake over the coding but that it made "no difference in practice".

32. For Mrs. Martens-Servaes Eurocontrol's letter of 18 July 1989 identifies three heads of expenditure. Two are the confinement fees and pharmaceutical expenses, which are refunded at the full rate, and, since the confinement fees are below the maximum limit, in full. The third is the costs of the stay in hospital, which are refunded at the rate of 85 per cent up to a maximum limit. Here again Eurocontrol admits to miscoding by the Scheme but says that correcting the mistake made "no difference in practice". In this case, as in that of Miss Lemoine, the Organisation has declined to alter its stand since the filing of the complaints.

33. For the foregoing reasons as well as the lack of consistency and clarity found in the reckonings, the challenged decisions must be set aside. The cases are sent back so that Eurocontrol may take new decisions according to the principles set out above and in such a way as to permit the complainants to check them.

34. Being successful, each of the complainants is awarded 50,000 Belgian francs in costs. The sums due to the complainants living in France are to be converted into French francs at the exchange rate applicable at the date of payment.

DECISION:

For the above reasons,

1. The applications to intervene are allowed.

2. The impugned decisions are quashed and the cases sent back to Eurocontrol for new decisions.

3. Eurocontrol shall pay each of the complainants 50,000 Belgian francs in costs.In witness of this judgment Mr. Jacques Ducoux, President of the Tribunal, Miss Mella Carroll, Judge, and Mr. Pierre Pescatore, Deputy Judge, have signed hereunder, as have I, Allan Gardner, Registrar.

Delivered in public sitting in Geneva on 29 January 1991.

(Signed)

Jacques Ducoux Mella Carroll P. Pescatore A.B. Gardner

Updated by PFR. Approved by CC. Last update: 7 July 2000.