



directing council

PAN AMERICAN
HEALTH
ORGANIZATION
XI Meeting

regional committee

WORLD
HEALTH
ORGANIZATION
XI Meeting



Washington, D.C.
September, 1959

CD11/25 (Eng.)
8 September 1959
ORIGINAL: ENGLISH

Topic 32: HEALTH INSURANCE FOR STAFF MEMBERS OF THE PAN AMERICAN
SANITARY BUREAU

The Director wishes to present to the Directing Council, for its information and appropriate action, a proposal to provide a more comprehensive health insurance plan for the staff members of the Bureau.

Since 1949, employees of the Pan American Sanitary Bureau and of the World Health Organization in the Americas have participated in a common accident and sickness insurance policy issued by a European insurance company. The benefits to staff members under this policy are definitely limited. For example, there is no coverage for dependents of staff members, reimbursement of medical and drug costs are limited to those incurred during periods of incapacity, and reimbursement for any one illness is limited to 2,000 Swiss francs (about US\$467).

This plan has not met the complete needs of our staff members, and since 1956 WHO headquarters has been actively studying the problem of how best to provide for employees' hospital and medical care insurance needs. The Director-General of WHO enlisted the services of a special consultant on medical-care insurance to study the problem of how best to meet the needs of a world-wide staff serving under all possible conditions as regards availability and cost of medical care.

The Director has followed the progress of these studies with interest and has cooperated fully by providing factual data on PASB/WHO staff and pertinent recommendations on type of insurance needed.

As a result of these several years of study of this matter, the World Health Organization is now implementing a self-insurance plan, jointly financed by the staff and the Organization, which provides broad health insurance coverage for the staff member and his family. A brief analysis of the present and proposed plans is shown in summary form in Annex I, attached.

The proposed plan was approved in a referendum in July 1959 by a substantial majority of all WHO employees, including WHO-paid employees in the Americas. The Director has not, however, submitted it to a vote of PAHO-paid staff, believing he should first secure the authorization of the

Directing Council before offering such a health insurance plan to the employees.

It is believed that the Directing Council will be particularly interested in the fiscal implications of this plan, because in a self-insurance plan the Organization, in effect, guarantees the payment of all costs provided for in the insurance plan. Therefore, it becomes necessary to estimate our liability as accurately as possible. Unfortunately, available figures on world-wide costs of medical care are very inadequate. The WHO special consultant who studied this matter in 1957 and 1958 estimated that the world-wide average annual costs would be \$60.86 for each staff member or dependent, but that the same cost for the Americas would be \$90 in the U.S. and \$65 elsewhere in the Region. For WHO staff only, it has been estimated that the costs can be met by:

(1) A uniform world-wide deduction from staff members of .8% for single staff members, 1.5% for those with 1 dependent, and 2.0% for those with 2 or more dependents. (These deductions to be applied against salary plus post adjustment).

(2) An equal contribution from the Organization.

In this way the areas with high medical care costs will be balanced by those with low medical care costs.

Because of the high cost of medical care in the Americas - - and especially in Washington, D.C. - - it is believed that a proportionately higher organization contribution to the insurance plan will be needed in order to provide the same benefits for staff paid from PAHO funds. Based on dependency status and payroll data of March 1959, it is estimated that the PAHO cost for such a plan would be \$57,559. This represents an increase of \$42,000 over the annual cost to the Organization of the present accident and sickness insurance.

The Director believes, however, that an international health agency has an obligation to follow modern personnel practice in providing the best possible health insurance protection for its staff members. He further believes that it is essential to employee morale to have a single condition of employment in PASB/WHO and to provide employees paid from PAHO funds the same privileges enjoyed by those paid from WHO funds.

In view of the foregoing, the Directing Council may wish to adopt a resolution along the following lines.

Proposed Resolution

The Directing Council,

Having considered the report of the Director on the matter of the existing accident and sickness insurance and the proposal for a more comprehensive health insurance plan for PASB staff and their families;

Noting the action being taken on this matter by the World Health Organization; and

Having considered the financial implications of adopting the health insurance program,

RESOLVES:

1. To authorize the Director to establish for PASB staff members the same health insurance benefits available to WHO staff members, if such insurance is desired by a majority of the staff.

2. To approve the expenditure of PAHO funds in an amount adequate to cover the portion which the Organization will have to contribute toward the cost of the new insurance plan.

Annex I: Brief Analysis of Present and Proposed Plans

BRIEF ANALYSIS OF PRESENT AND PROPOSED PLANS

	PRESENT PLAN (Staff Members Only)	PROPOSED PLAN (Staff Member and Dependents)
<u>Benefits</u>		
1. Doctors bills	Actual costs reimbursed 100% <u>during periods of incapacity only</u> . No reimbursement during any other period.	80% reimbursement of all professional services by physician or authorized specialist (excluding psychiatric care for dependents).
2. Diagnostic X-ray and laboratory services	Same as doctors' bills	Same as doctors' bills
3. Hospital charges	66.66% of maintenance costs - 100% other charges.	80% reimbursement up to a maximum of 180 days hospitalization for a single incapacity or during one calendar year.
4. Obstetrical care	None	80% reimbursement of doctors' and hospital bills and 60% of medicaments.
5. Catastrophic illness	Same as doctor and hospital bills up to established maximum (see item 8).	100% of expenses in excess of 5% of staff member's remuneration.
6. Pharmaceuticals	100% of cost <u>during periods of incapacity only</u> .	60% reimbursement of all pharmaceuticals administered in or outside the hospital.
7. Other benefits	Any other "medical expenses (including operation fees, cost of medicine, surgical appliances and nursing home charges)...."	80% reimbursement of all prescribed hospital expenses; 100% for appliance and accessories prescribed as a result of illness, accident or surgical intervention; 100% of ambulance charges within metropolitan area and in remote areas to nearest rail or air terminal

BRIEF ANALYSIS OF PRESENT AND PROPOSED PLANS

	PRESENT PLAN (Staff Members Only)	PROPOSED PLAN (Staff Member and Dependents)
<u>Benefits</u> (Cont'd)		
8. Overall reimbursement limit	2,000 Swiss francs (about US\$467) in any one illness.	No limit except as specified.
9. Accidental death and total disability benefit	1,000 times daily salary.	Lump sum payment equal to 3 years annual remunerations.
10. Permanent total disability resulting from illness	1,000 times daily salary.	Annuity equal to 1/3 of remuneration for 11 years or until death if sooner.
11. Salary guarantee	26 weeks beginning 27th week of illness.	Full remuneration for 26 weeks beginning with 27th week of disability.
12. Dental care	Full reimbursement for the removal of impacted teeth, treatment and X-rays within established limits	80% reimbursement for removal of impacted teeth for both staff members and dependents. Additional 80% reimbursement coverage can be secured for the staff member only for an additional contribution of 0.2% (not included in cost figures indicated below. This additional coverage will include dental examinations, treatment and medicaments).

<u>Cost</u> (including death, permanent disability and salary guarantee)	Salary under \$5,000 p.a.	Salary over \$5,000 p.a.	Staff Member only	Staff Member and 1 dependent	Staff Member and two or more dependents
Staff member	0.325%	0.475%	1.0%	1.7%	2.2%
Organization	0.875%	0.725%	1.2%	1.9%	2.4%