Note by the Director-General

1. After considering a report of the United Nations Secretary-General (A/6491 annexed to this document), the United Nations General Assembly approved at its twenty-first session (A/6605) a proposal relating to extension of health insurance coverage for retired or separated disabled United Nations staff members and dependants.

2. In order to provide adequate after-service health protection for retired or separated disabled GATT staff members, the Director-General recommends to the CONTRACTING PARTIES that such staff members may similarly, under prescribed conditions, continue their medical insurance coverages on retirement, or should they become disabled during their service with the Organization. The Director-General further recommends that similar extended coverages be available, under established conditions, for the spouse and dependent children, or surviving spouse and dependent children of such staff members. These facilities would be made available from 1 January 1967.

3. It is estimated that the additional cost to the Organization of extending health protection to retired staff members, their dependants or survivors, or staff members who are separated owing to disability would amount to not more than US$25.- in 1967 and to US$300.- in 1968.

4. Should the CONTRACTING PARTIES agree that, with effect from 1 January 1967, after-service health protection be made available to GATT staff, the cost could be met from the appropriations under PART II Section 2(ix) - Other common staff costs.

Points for decision:

Paragraph 2
Paragraph 4
ANNEX

Report of the United Nations Secretary-General

(United Nations Document A/6491)

III. HEALTH INSURANCE

12. In Resolution 1095 (XI) of 27 February 1957, the General Assembly authorized the Secretary-General to broaden the health insurance schemes which had been in existence since the inception of the Secretariat and to finance them on the basis of an approximately equal sharing of the overall costs by the participating staff and the Organization, subject to the provision that a larger measure of assistance should be granted to staff in the lower salary levels.

13. Improved health protection has since been available to staff members and their dependants both at Headquarters, which has group insurance plans provided by a voluntary association and an insurance company, and at three major established offices, which provide comparable coverage through separate arrangements. In all cases, staff participation in the health insurance schemes is on an optional basis, contributions to the costs of the plans are graduated and entitlement to benefits ceases on separation from the service.

14. On the basis of experience acquired over the years, it has become evident that the original arrangement under which coverage is automatically terminated on cessation of service, is unduly restrictive and cannot be justified by reference to national or international practice. It is common practice among Member States to provide after-service health protection for national civil servants and members of their families. Such after-service protection is also available to former staff members of several specialized agencies (WHO, ILO, ITU and UNESCO). A staff member of the United Nations leaving his service on reaching the age of retirement or for disability is therefore at a disadvantage; and so is the Organization as an employer.

15. This aspect of the conditions of service in the United Nations common system was the subject of an observation by the Advisory Committee on Administrative and Budgetary Questions in its report (A/6122, paragraph 51) on administrative and budgetary co-ordination, which was submitted to the General Assembly at its twentieth session. The Committee suggested that the matter was of sufficient importance to the organizations and their staff to warrant further review.
16. It may be noted in this connexion that, on retirement, officials of international organizations have in most countries no rights to health protection under national social security schemes. In the absence of other coverage, such officials must therefore seek protection through individual insurance policies - which, if available at all, are costly - or face the risk of spending a disproportionate part of their retirement income on medical and hospital care.

17. In the light of these developments, the Secretary-General has examined the feasibility of extending present health protection schemes to cover retired United Nations staff members, their dependents or survivors. He has reached the conclusion that, subject to certain conditions of eligibility, such an extension is entirely feasible, in terms of costs to the participants, payment of contributions and provision of benefits, without altering the basic principles governing the operation of the schemes.

18. Under the conditions worked out for the purpose, health insurance coverage would be made available to any staff member leaving the service of the United Nations at the age of retirement or for disability who, at the time of separation, had been a contributory participant of a United Nations health insurance plan for a specified period. In the case of retirement, the qualifying period would be ten years and in the case of termination for disability, three years. The same conditions of eligibility would initially apply also to former staff members who left the service before institution of the new scheme. In all cases, coverage would be available only to those who were in receipt of periodic benefits from the United Nations Joint Staff Pension Fund or under the rules governing compensation for service-incurred death, injury or illness.

19. Dependents or survivors of a former staff member would be entitled to coverage under the scheme, provided they were covered by the United Nations health insurance plans at the time the staff member left the Organization and had the necessary qualifying period of participation.

20. Contributions of former staff members or their survivors would be based on the schedule of payments which applies to staff members. This schedule would be so maintained that the overall cost of health insurance would be shared equally on the one hand by the Organization and on the other by staff members, former staff members or their survivors as a whole.