

NEWSLETTER

Editorial

One of the commitments we made is to communicate more frequently. This SHIF Newsletter is one of the ways we are using to do so. Following on the news announced in December, I would like to update you on some of them.

First of all, I would like to confirm to you that we are progressing quickly towards achieving our goal of rapid reimbursement of all SHIF claims. At mid-March, we have settled all the claims received up to mid-February. As we continue to settle large and urgent claims with priority, it means that we now have a backlog of only about 3 weeks. Very concretely, we have already reimbursed more than 11'000 claims in 2016.

International Labour Office / Bureau international du Travail / Oficina Internacional del Trabajo	
4 route des Morillons, 1211 Geneva 22, Switzerland / CH-1211 Genève 22, Suisse / 1211 Ginebra 22, Suiza	
Secretariat / Secrétariat / Secretaria:	+41 22 799 85 07
Fax:	+41 22 799 61 02
E-mail:	shif@ilo.org
Reception desk / Bureau d'accueil / Oficina de acogida	10 a.m. to 11 a.m. and 2 p.m. to 4 p.m. / de 10h à 11h et de 14h à 16h / 10:00-11:00 y 14:00-16:00
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As also mentioned in December, the contract with an internationally renowned assistance service, AXA Assistance, has been signed and a communication explaining the details will be sent in the coming days. This will allow staff members and retirees to obtain a guarantee of insurance coverage 24/7 and 365 days a year in the case of in-patient treatment in a hospital or clinic that does not recognize the SHIF card. The new SHIF cards, which will include an emergency contact number, are being printed and you will all receive them in the coming weeks. Finally, following the adoption of new preventive measures as of 1st January 2016 it became necessary to change the form for claim for reimbursement and the new form will be available very soon.

Florian Léger, *Executive Secretary*
18 March 2016

Status and future of SHIF services

A significant backlog of medical claims had developed in the ILO Staff Health Insurance Fund (SHIF), which had resulted in repeated and understandable complaints from insured members. While the backlog challenge is continuing to be addressed through additional staffing resources, further measures are being considered to improve in a more sustainable manner SHIF services and operational issues.

Another major issue regularly mentioned was the lack of recognition of the SHIF card, in particular in the field where insured individuals often have to pay in advance. Although the SHIF covers its insured members anywhere in the world, the SHIF is not an internationally well-known insurance provider and as a consequence the card is frequently not recognized; this had caused significant problems for staff members in field duty stations. The main issue faced by members of the SHIF in a situation of emergency is indeed to be able to confirm affiliation with a valid medical insurer.

As reported in the December 2015 Newsletter a Working Group was established in April 2015 with the objective to make specific recommendations to the Director General about the key operating elements of the SHIF to improve the level of service. The Working Group included representatives of various stakeholders including HRD, FINANCE, JUR, representatives of the Management Committee (MC) of SHIF and of the Staff Union Committee.

The Working Group's report to the Director General contained 14 recommendations and a detailed action plan to improve SHIF operations and services. The actions recommended addressed the aforementioned priority areas and also included measures aimed at improving the SHIF's operating efficiency, global recognition and fraud prevention. Having fully considered the report and the underlying issues, the Director-General decided in December 2015 to implement the recommendations of the Working Group, and requested further work to be done on identifying the costs of additional staff resources and IT improvements. This work is currently underway. Measures relating to a necessary internal re-engineering of SHIF operating processes are already underway. It is expected that the measures already in place will significantly improve the quality of services to SHIF users.

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Increases to ceilings of medical expenditures have been approved by the MC and implemented as of 1st January 2016:

- For optical appliances, the maximum carry over balance from one year to the next increased from USD 512.00 to USD 768.00;
- For hearing aids, the ceiling of approved expenses are now expressed by ear, instead of a global ceiling;
- For long-term nursing services in an institution, the maximum ordinary benefit per day increased from USD 110.40 to USD 120.00

In addition, the MC, after reviewing well-established health prevention policies in Member States and other international organizations, has decided that no co-payments should be charged for preventive exams related to:

- PSA and digital rectal exam every year from age 50,
- Mammogram every two years from age 40,
- Pap smear and pelvic exam every two years,
- Faecal occult blood screening in stool every year,
- Colonoscopy every five year after age 50,
- Influenza vaccine.

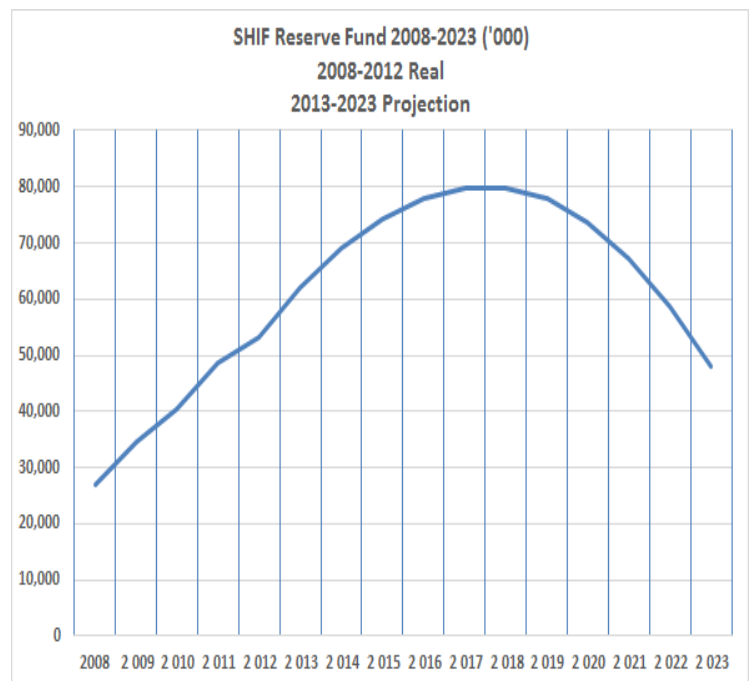
It is expected that these preventive measures will help further protect the health of SHIF insured while at the same time contribute to maintaining the financial health of the SHIF.

Financial situation of the SHIF

First of all, it is important to recall that SHIF is financed by contributions from both insured persons and the ILO. There is a great deal of solidarity in the financing between active and former staff, healthy and sick persons, high income and low income.

The SHIF being a relatively small fund with its accounting in USD, the fluctuation of benefits from one year to the other may be misleading and is actually often more a result of currency fluctuations than of benefit experience and inflation. Nevertheless, over time, the trend is clear; the benefits paid by the SHIF have increased by 60 per cent between 2005 and 2015, driven by an increase in the utilization of healthcare services, ageing of the insured population and technological advances. Benefits reimbursed in Switzerland (which represent 60 per cent of overall reimbursement) increased from about CHF 25 million to more than CHF 27 million (or by 9 per cent) between 2014 and 2015. Over that period, it has been possible to maintain a sound financial situation through different increases to the contribution rates in 2006, 2008 and 2010.

It is necessary to have a medium term vision of the finances of the SHIF. The latest actuarial study, undertaken in 2013 recommended increasing the base contribution rate from 3.3% to 3.55% in order to ensure a sound financial situation for the next 10 years. While the SHIF currently experiences positive technical results and has a Guarantee Fund worth about 17 months of benefits, projections indicate that the proposed increase in contribution rates is necessary in order to avoid the Guarantee Fund declining towards the statutory minimum before the end of the projection period and to avoid an even higher increase in the contribution rate later in the future. The 2013 actuarial valuation anticipated that the first year of a technical deficit in the SHIF would be 2018 but it is likely that this will now occur in 2016 and while the valuation anticipated a guarantee fund value of USD 74 Million as at 31 December 2015, its actual value was only USD 61 Million.



Source : SHIF 2013 Actuarial Study

Access to the ILO building for SHIF members who do not have an ILO badge

With the introduction of new security measures, access to the ILO building is restricted. With the agreement of the ILO Security Unit, SHIF members who do not hold an ILO badge (spouses, children, etc...) can enter the building upon presentation of their SHIF cards accompanied with an ID.