
To the insured persons of the ILO Staff Health Insurance Fund

The Management Committee of the ILO Staff Health Insurance Fund (SHIF) is pleased to present to you the report on the activities of the Fund in 2017.

The year was marked by a number of investments in information technology (IT) aimed at improving the service for insured persons. Firstly, the automation of direct payments enabled us to expand considerably the number of providers for which invoices are paid directly by the SHIF (direct settlement), both in Geneva and the rest of the world. Nothing changes for insured persons, as the SHIF pays the invoice directly, which provides both better service for the insured persons and increased security for the SHIF, and the remainder (generally 20 per cent) is recovered from the next reimbursements. Purple payment notices (as opposed to the blue reimbursement notices) have been created for this purpose. Over 1,000 direct payments were made in 2017, and although these represent less than 5 per cent of payments, the total amount paid directly to care providers represents over a third of the SHIF's expenditure.

The interface between the ILO and SHIF IT systems for data management (including membership and bank account details) has been in operation since October 2017 and the new payment process, which is more secure and more efficient, has been in operation since early 2018. While these improvements are not directly visible to insured persons, they have enabled the secretariat to increase productivity and also to work more calmly. However, one very visible improvement will be the secure self-service site which will be launched in early 2019. As well as enabling insured persons to consult information concerning them or their family members, such as the total dental or optical credits, the secure site will enable insured persons to submit claims for reimbursement online.

Reimbursements for staff members are now paid into the same account as the main bank account used for salary payments, as announced in the broadcast of 29 November 2017.

In 2017, the Management Committee continued to closely monitor the SHIF's financial situation. Following the 7.57 per cent increase in contributions on 1 January 2017, it had been hoped that contributions would exceed payments; however, as expenditure has risen by 11 per cent, it exceeded revenue, as in 2016.

The increase in benefits payments was mainly due to hospitalizations, either in Switzerland or the rest of the world. The increase is in part temporary, as a result of costly hospitalizations, but another sizeable part is structural, as a result of the ageing population of persons insured under the SHIF and of increased consumption of medical care. Those were the conclusions of the latest actuarial study, which was presented to the Management Committee in early 2017. The study also concluded that the rise in contributions as of 1 January 2017 was necessary. The next study, which will be carried out in 2019, should confirm these results and propose solutions. In the meantime, the Management Committee has decided for the first time to publish the report of the study on the SHIF website (<http://www.ilo.org/shif>).

In parallel, the Management Committee finalized an extensive review of the Administrative Rules and in late 2017 proposed a series of amendments to the Regulations and Administrative Rules. A number of amendments aimed to clarify administrative procedures, and others constituted significant changes.

These include a change in the method of calculating contributions for voluntarily protected children, the expansion of preventive measures and the reimbursement of certain alternative medicines, such as Ayurvedic and traditional Chinese medicine. When it comes to prevention, the number of vaccines reimbursed at a rate of 100 per cent has been increased and new preventive procedures and screenings, reimbursed at a rate of 100 per cent, have been added. Lastly, an approved lifetime expense of US\$30,000.00 for each protected person for medically assisted reproduction has been established.

At the end of the year, the Executive Secretary honoured his commitment to visit some insured persons in the field in order to improve communication with insured persons, better understand the local problems and discuss possible agreements with care providers. It is expected that agreements with care providers will be signed in 2018. The Executive Secretary plans to continue this commitment with insured persons in the field.

The SHIF secretariat has continued to work tirelessly. The result has been that the average time taken to process claims continued to improve in 2017, falling from an average of 22 days in 2016 (compared with 45 days in 2015) to 17 days in 2017 (9 days in December 2017). Once again, a record number of invoices were processed (more than 151,000). On your behalf, we express our sincere thanks to the secretariat staff.

Lastly, 2017 was also an election year for the Management Committee, and on 1 January 2018 a new Management Committee began work.

The Management Committee

ILO Staff Health Insurance Fund

**Report on the operations
of the Fund in 2017**

The present report is hereby submitted to the executive head of the ILO and to the insured persons, pursuant to article 4.7(1)(i) of the Regulations.

Composition of the Management Committee in 2017

1. Pursuant to article 4.1 of the Regulations, and following elections of the representatives of insured persons, the Management Committee was composed of the following titular and substitute members.

Representing the insured persons

Titular members:

Mr Pierre Sayour
Mr Jean-François Santarelli – **Chairperson**
Ms Mireille Ecuivillon

Substitute members:

Ms Colleen McGarry
Mr Christopher Land-Kazlauskas
Mr Fabio Duran Valverde

Representing the Administration

Titular members:

Mr Jean-Claude Villemonteix – **Vice-Chairperson**
Mr Tilmann Geckeler
Mr Fikri Gurzummar

Substitute members:

Mr Giuseppe Zefola
Mr Sietse Buijze
Ms Anne Drouin

2. Pursuant to article 4.7.2 of the Regulations, the Standing Subcommittee was composed of the following members.

Representing the insured persons

Mr Pierre Sayour
Mr Jean-François Santarelli – **Chairperson**
Ms Mireille Ecuivillon

Representing the Administration

Mr Tilmann Geckeler
Mr Fikri Gurzummar

Financial situation

Assets and liabilities, income and expenditure statement and investments

3. The assets and liabilities statement (see Appendix I) provides year-end details on assets, liabilities and the balance of the Guarantee Fund, together with prior-year comparative figures. The income and expenditure statement is attached as Appendix II.

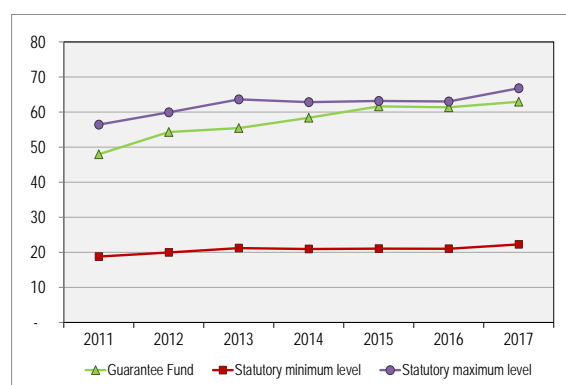
4. The 2017 investment performance was negative (-0.87 per cent), compared with a positive investment performance of 2.52 per cent in 2016.

Guarantee Fund

5. Article 3.8 of the SHIF Regulations sets the level of the Guarantee Fund at between one sixth (= six months) and one half (= 18 months) of the Fund's expenditure over the previous three financial years.

6. The Guarantee Fund balance amounted to just over US\$63 million at year-end in 2017, which was close to the statutory maximum level (94 per cent), as shown in figure 1.

Figure 1. SHIF Guarantee Fund (US\$ million)



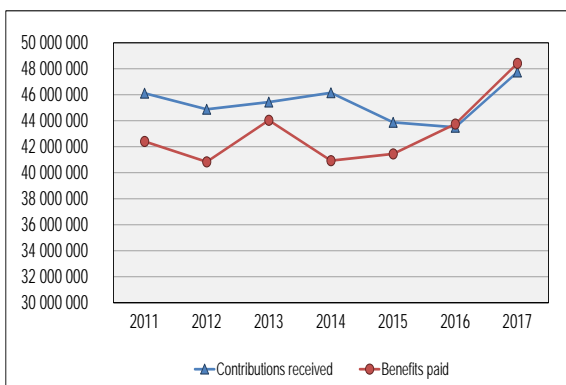
Trends in expenditure and contributions

7. The total benefits paid increased from around US\$43.75 million in 2016 to US\$48.41 million in 2017, an increase of 10.7 per cent. At the same time, total contributions amounted to almost US\$43.49 million in 2016 and US\$47.75 million in 2017, an increase of 9.8 per cent. The increase in contributions had been expected as a result of

the 7.57 per cent increase in the contribution rates on 1 January 2017, but the increase of over 10 per cent in benefits paid is higher than increases in previous years.

8. The trend in benefits paid is quite volatile as the SHIF remains a relatively small fund, and is susceptible to considerable year-to-year fluctuations. The increase in benefits paid was mainly due to hospitalizations, whether in Switzerland or the rest of the world. The increase is in part temporary, as a result of costly hospitalizations, but another sizeable part is structural, as a result of the ageing population of persons insured under the SHIF and of increased consumption of medical care. Figure 2 shows the trends in the total benefits paid since 2011 and in contributions received.

Figure 2. Trends in contributions received and benefits paid 2011–17 (in US\$)

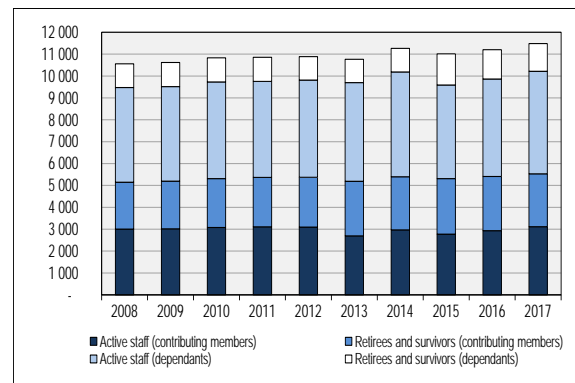


Trends in membership

9. The total number of insured persons on 31 December 2017 was 11,481, comprising 5,532 contributing insured persons and 5,949 insured dependants. Among the contributing members, around 45 per cent are retired members. Appendix V provides further details and figure 3 shows trends since 2008.

10. Of the insured persons, 6 parents, 71 spouses and 435 children were insured on a voluntary basis on 31 December 2017. Appendix IV contains a summary of the annual and cumulative results of voluntarily covered dependants for 2008–17.

Figure 3. Number of insured persons 2008–17 (including voluntarily covered dependants)

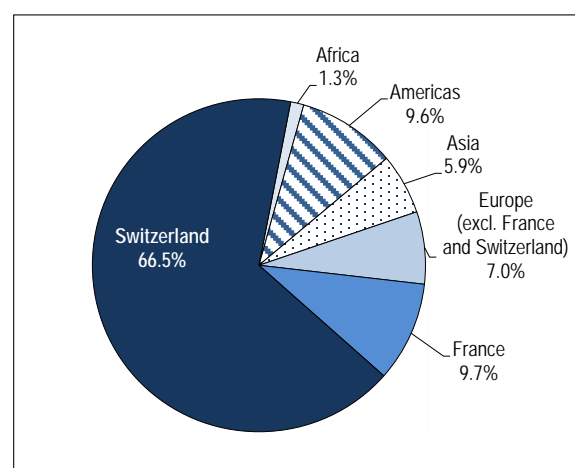


11. The average number of dependants per active insured person was 1.50 in 2017, compared with 1.52 in 2016; the average number of dependants per insured retiree was 0.52 in 2017, compared with 0.54 in 2016.

Benefits statistics

12. The total benefits paid increased from US\$43.2 million in 2016 to US\$48.9 million in 2017, an increase of 13 per cent. As shown in figure 4 below, benefits paid to reimburse costs incurred in Switzerland continue to represent around two thirds of the total, followed by France with almost 10 per cent.

Figure 4. Distribution of benefits by country of treatment (2017) (per cent)



13. In 2017, the benefits paid per contributing member (insured person) amounted to US\$8,832, up 10.6 per cent from US\$7,989 of benefits paid per contributing member (insured person) in 2016. The benefits paid per person covered by the Fund in 2017 amounted to US\$4,256, compared with US\$3,859 in 2016, an increase of 10.3 per cent. The overall loss ratio for 2017 was 101.4 per cent, up from 100.6 per cent in 2016. The loss ratios per category of insured persons in 2017 was 51.6 per cent for active staff and 159.6 per cent for retirees. The loss ratios for 2016 were 54.7 per cent for active staff and 155.2 for retirees.

14. In the year under review, medical care provided in hospitals constituted the single largest item of expenditure, accounting for 42.7 per cent of the total. Nursing care (primarily long-term) became the second-largest item of expenditure, constituting 11.4 per cent of the total, followed by doctors' services and medication (10.2 per cent and 7.7 per cent of the total, respectively), while dental treatment represented 6.3 per cent of the total.

15. Benefit expenditure is presented in detail in Appendix VI.

Supplementary benefits and maximum annual liability

16. Pursuant to article 2.5 of the SHIF Regulations, the Fund pays supplementary benefits where approved expenses in respect of an insured person and his or her dependants exceed a yearly US dollar threshold proportional to the income of each insured person, in accordance with paragraph 1 of article 2.5.3 ("Supplementary benefits") of the Fund's Administrative Rules.

17. In 2017, the Fund's maximum annual liability remained set at US\$150,000 per family. With the approval of the Management Committee, this maximum was exceeded in 32 cases.

18. The number of families concerned and the amounts reimbursed, both in supplementary benefits and for those exceeding the SHIF maximum annual liability, are shown in table 1 below.

Table 1. Number of families in receipt of supplementary benefits, amount paid, and number of families who exceeded the maximum annual liability (2015–17)

		2015	2016	2017
Supplementary benefits	Number of families	634	654	751
	Amount (thousands of US\$)	3 010	3 071	4 412
	Average amount per family (US\$)	4 748	4 695	5 875
Maximum annual liability	Number of families	20	18	32
	Amount (thousands of US\$) *	4 326	4 120	6 814
	Average amount per family (US\$) *	216 000	229 000	213 000

* including the first US\$150,000.

19. Supplementary benefit expenditure represented 9.0 per cent of the total benefits paid in 2017, compared with 7.5 per cent in 2016.

Administration

Claims for reimbursement

20. The Fund's claims adjusters processed 42,844 claims (ILO and Turin Centre combined) in 2017 compared with 43,404 in 2016, a decrease of 1.3 per cent. In contrast, 151,295 invoices were examined in 2017 compared with 149,530 in 2016, an increase of 1.2 per cent. The average number of invoices per claim increased from 3.4 in 2016 to 3.5 in 2017.

21. On average, each person insured under the SHIF submitted 3.7 claims in 2017. Table 2 shows the distribution by category of member.

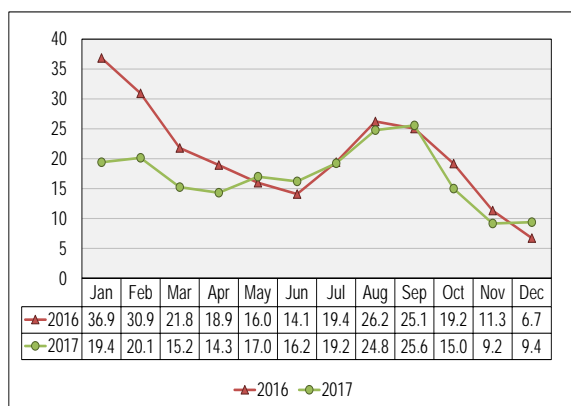
Table 2. Number of claims by category of member in 2017
(number and percentage)

Category of member	Number of claims submitted during the year	Percentage (%)
Voluntarily covered external members	190	0.4
Retirees and survivors (including their dependants)	18 989	44.3
Active staff (including their dependants)	23 665	55.2
Total	42 844	100.0

Reimbursement times

22. The monthly trends in reimbursement times (calculated as the number of days between the SHIF receiving a claim and processing it) over the previous two years are shown in figure 5. With the exception of a temporary increase over the summer, the average reimbursement time remained reasonable throughout 2017, at under 20 days.

Figure 5. Trends in average claim processing times 2016–17
(in days)



Tilman Geckeler
Chairperson

Florian Léger
Executive Secretary

Geneva, 30 November 2018

External audit

23. The Auditor General of the Philippines carried out an audit of the accounts for the 2017 financial year as part of the overall audit of the ILO financial statements. The objective of the audit was “to verify that the contributions were accurate and complete, that the claims paid were accurate and valid, that the estimate relating to the claims incurred but not received was properly estimated and that the SHIF Guarantee Fund was in compliance with the respective authority”. Pursuant to article 4.14 of the SHIF Regulations, a report of the External Auditors’ findings was presented to the SHIF Management Committee.

Meetings of the Management Committee

24. The Management Committee met six times in 2017. It monitored the functioning of the secretariat and the Fund’s financial situation.

Meeting of the Standing Subcommittee

25. The Standing Subcommittee met once in 2017 and examined four special cases.

Cases of fraud

26. There were no cases of suspected fraud submitted to the internal auditors in 2017.

Appendix I

ILO Staff Health Insurance Fund Assets and liabilities statement as at 31 December 2017 (in US dollars)

ASSETS		31.12.2017	31.12.2016
1. Cash	Term deposits	-	-
2. Debtors	Advances and other accounts receivable	1 364 807	1 508 361
	Other debtors	2 288 252	2 889 969
3. Investments	Held with Aberdeen Asset Management	75 608 901	72 448 490
	Derivative assets	112 767	752 970
4. Other	Accrued investment income	375 707	328 187
TOTAL		79 750 434	77 927 977
LIABILITIES			
1. Creditors	Prepaid contributions	656 376	638 979
	Other creditors	1 926 801	1 925 207
2. Accrued liability for unsettled claims		13 000 000	14 000 000
TOTAL		15 583 177	16 564 186
EXCESS OF ASSETS OVER LIABILITIES		64 167 257	61 363 791
SHIF Guarantee Fund			
	Balance brought forward from previous year	61 363 791	61 652 132
	Total surplus/(deficit) for the year	2 803 466	(288 341)
Reserve and fund balance at 31 December		64 167 257	61 363 791

Appendix II

ILO Staff Health Insurance Fund Income and expenditure statement for the year ended 31 December 2017 (in US dollars)

OPERATING TRANSACTIONS	2017	2016
1. Contributions received		
Active staff	12 321 712	11 326 462
Active staff – Organizations	12 176 479	11 152 401
Retirees/survivors	7 149 256	6 394 659
Retirees/survivors – Organizations	14 298 512	12 789 317
Voluntarily covered dependants	1 801 686	1 826 169
TOTAL CONTRIBUTIONS	47 747 645	43 489 008
2. Benefits paid		
Active staff	12 645 265	12 305 113
Retirees/survivors	34 237 442	29 776 268
Voluntarily covered dependants	1 532 348	1 670 545
Less: Recoveries from third parties	(1 153)	-
TOTAL BENEFITS	48 413 902	43 751 926
3. Net surplus/(deficit) in contributions income over benefits paid	(666 257)	(262 918)
4. Increase/(decrease) in accrued liability for unsettled claims	(1 000 000)	-
5. Exchange gains/(losses)	(55 113)	(72 823)
6. Sundry expenses	(2 025)	(98)
7. Net operating surplus/(deficit)	276 605	(335 839)
INVESTMENT TRANSACTIONS		
8. Interest & other income received	1 086 681	1 151 821
9. Capital gains/(losses) on investment sold	(25 478)	422 933
10. Unrealized gains/(losses) on investment	(70 266)	457 838
Sub-total	990 937	2 032 592
11. Gains/(losses) on currency trading:		
On purchase and sales	(2 694 235)	(565 083)
Sub-total	(2 694 235)	(563 083)
Total investment income	(1 703 298)	1 467 509
12. Expenditure:		
Investment management fees	211 815	206 968
Total investment expenditure	211 815	206 968
13. Net income/(loss) on investments	(1 915 113)	1 260 541
14. Net surplus/(deficit)	(1 638 508)	924 702
15. Revaluation gain/(loss) on assets & liabilities	4 441 974	(1 213 043)
NET RESULT FOR THE YEAR	2 803 466	(288 341)

Appendix III

Guarantee Fund 2011–17 (in US dollars)

Accounts year	2011	2012	2013	2014	2015	2016	2017
Guarantee Fund	47 984 450	54 301 524	55 454 009	58 400 792	61 652 132	61 363 788	64 167 257
Benefit expenditure	42 408 000	40 794 000	44 037 015	40 861 035	41 452 080	43 751 926	48 415 055
Minimum statutory level	18 806 667	19 981 000	21 206 503	20 948 675	21 058 355	21 010 840	22 269 844
Maximum statutory level	56 420 000	59 943 000	63 619 508	62 846 025	63 175 065	63 032 521	66 809 531
Ratio: actual level/maximum level	0.85	0.91	0.47	0.93	0.98	0.97	0.96
CHF to US\$ exchange rate at year-end	0.92	0.93	0.91	0.97	0.98	1.01	0.98

Appendix IV

Voluntarily covered dependants (VCD) Summary of annual and cumulative results 2008–17

Year	No. of dependants covered	Contributions received (US\$)	Benefits paid (US\$)	Operational balance (US\$)	Cumulative result (US\$)	Benefit paid per US\$ contributed
2008	N/A	1 522 645	1 761 097	-238 452	-238 452	1.16
2009	N/A	1 691 266	1 458 001	233 265	-5 187	0.86
2010	N/A	1 926 558	1 649 893	276 665	271 478	0.86
2011	N/A	2 005 777	1 642 466	363 311	634 789	0.82
2012	N/A	2 008 250	1 814 951	193 299	828 088	0.90
2013	N/A	1 960 356	1 767 386	192 970	1 021 058	0.90
2014	N/A	2 007 325	1 646 378	360 947	1 382 005	0.82
2015	565	1 885 838	1 569 591	316 247	1 698 252	0.83
2016	460	1 826 169	1 670 545	155 624	1 853 876	0.91
2017	512	1 801 686	1 532 348	269 338	2 123 214	0.85

Appendix V

Membership of the Fund 2008–17 (including voluntarily covered dependants)

As at 31 December of each year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Active staff (contributing members)	3 005	3 016	3 079	3 112	3 098	2 698	2 971	2 775	2 935	3 117
Retirees and survivors (contributing members)	2 143	2 180	2 232	2 255	2 274	2 492	2 429	2 538	2 475	2 415
Total insured contributing members	5 148	5 196	5 311	5 367	5 372	5 190	5 400	5 313	5 410	5 532
Active staff (dependants)	4 327	4 323	4 422	4 387	4 444	4 511	4 787	4 277	4 452	4 684
Retirees and survivors (dependants)	1 083	1 098	1 096	1 100	1 073	1 065	1 076	1 427	1 339	1 265
Total insured dependants	5 410	5 421	5 518	5 487	5 517	5 576	5 863	5 704	5 791	5 949
Total active staff members	7 332	7 339	7 501	7 499	7 542	7 209	7 758	7 052	7 387	7 801
Total retirees and survivors	3 226	3 278	3 328	3 355	3 347	3 557	3 505	3 965	3 814	3 680
TOTAL	10 558	10 617	10 829	10 854	10 889	10 766	11 263	11 017	11 201	11 481

Appendix VI

Benefits statistics 2008–17 (including supplementary benefits) (in US dollars)

Type of benefit	Code	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
TOTAL		32 394 100	34 030 740	36 721 882	42 399 382	40 809 212	43 106 811	41 558 246	41 901 239	43 221 854	48 860 336 ¹
Doctor's services	1.1	3 745 233	3 866 154	4 022 421	4 929 676	4 661 113	4 767 205	4 480 795	4 473 707	5 047 668	4 961 590
X-rays, laboratory services and other tests	1.3, 1.4	1 813 217	1 796 587	1 845 461	2 217 817	2 243 144	2 311 305	2 256 910	2 491 297	2 639 582	2 769 462
Functional rehabilitation	1.5	873 740	955 114	1 004 129	1 151 743	1 143 581	1 189 967	1 125 600	1 148 132	1 245 805	1 310 896
Psychoanalysis and psychotherapy	1.7	466 310	533 825	552 604	714 299	649 615	764 895	776 136	629 457	672 856	686 244
Common ward at fixed fee	2.1	587 690	1 536 486	1 524 772	1 789 980	1 126 496	2 070 039	1 392 228	1 903 895	1 580 402	1 321 581
Hospital/clinic accommodation	2.2	1 524 597	1 688 508	1 779 027	1 916 222	1 625 248	1 671 556	1 631 168	1 763 703	1 659 150	1 844 624
Medical care	1.2, 2.7	12 364 895	12 528 233	14 123 431	15 684 133	15 407 576	16 172 561	16 668 735	16 591 880	16 601 614	20 852 760
Post-operative convalescence	2.3	181 721	161 263	182 948	164 941	154 050	252 751	289 704	322 107	323 550	518 182
Other convalescences or thermal cures	2.4	15 087	19 521	10 756	16 878	12 643	9 626	10 917	10 431	2 677	0
Nursing care	1.6, 2.5, 2.6	2 399 535	2 642 010	3 106 882	3 880 716	4 014 423	4 069 525	3 911 344	4 012 431	4 258 877	5 578 666
Prescribed medicines	3	4 084 106	4 090 785	4 004 818	4 526 981	4 563 828	4 514 490	4 104 577	3 779 592	3 747 067	3 750 552
Dental care	4	3 031 718	2 855 383	3 120 687	3 671 556	3 396 172	3 519 793	3 314 703	3 081 314	3 447 306	3 056 141
Optical appliances: lenses and frames	5.1	774 392	811 086	834 814	989 795	937 357	1 002 492	862 132	908 863	938 724	920 562
Hearing aids	5.2	135 574	160 787	198 105	217 430	266 158	233 590	219 673	244 491	283 098	296 193
Other appliances	5, 5.3, 5.4, 5.5	241 665	198 740	224 478	297 681	324 026	300 222	279 289	323 131	310 452	336 353
Medical transport	6.1, 6.2, 6.3	132 244	154 245	155 696	195 381	242 131	228 888	207 188	188 039	216 141	303 499
Funeral costs	7	22 375	32 014	30 853	34 153	41 651	27 904	27 148	28 772	38 061	26 192
Preventive examinations and vaccinations	8.1	0	0	0	0	0	0	0	0	208 822	326 838

¹ The difference from the amounts in the income and expenditure statement (Appendix II) is due to the recovery of benefits paid as advances for service-incurred or third-party liability medical expenses.