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EB/CAP/84/4

April 25, 1984

To: Members of the Committee on Administrative Policies
From: The Committee Secretary
Subject: Medical Benefits Plan Review

Attached is a draft report to the Executive Board from the Acting Chairman of the Committee on Administrative Policies. It has been prepared in light of the discussion at the meeting of the Committee on Thursday, April 19, 1984. In the absence of objection by a member of the Committee by the close of business on Thursday, April 26, 1984, the report will be submitted to the Executive Board for approval on a lapse of time basis.

Att: (1)

Other Distribution:
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Department Heads

DRAFT
April , 1984

To: Members of the Executive Board

From: The Acting Chairman
Committee on Administrative Policies

Subject: Medical Benefits Plan Review

The Committee on Administrative Policies has considered the staff's papers relating to a review of the Medical Benefits Plan (EB/CAP/83/6, 8/19/83, and Supp. 1, 4/17/84) and the Staff Association Committee's Position Paper on this subject (EB/CAP/84/1, 4/16/84). The Committee agrees with all of the proposals set out in EB/CAP/83/6, Supplement 1, subject to the amendment underlined in proposal number 1, and recommends the adoption of the draft decision set out below. The recommendations in paragraphs 1-6 of the proposed decision would be effective May 1, 1984, and the recommendation in paragraph 7 would be effective from calendar year 1984.

1. Coverage for dependents residing in a staff member's household other than spouse and children will be limited to dependent parents or parents-in-law, with no more than two such dependents eligible for coverage. Furthermore, for such dependents who do not enroll within 30 days of the staff member entering on duty, there will be a three-year waiting period for coverage for treatments arising from illness or conditions existing at the time of their enrollment in the Plan. "Other dependents" enrolled in the Plan prior to May 1, 1984 will continue to receive coverage under the Plan as at present.

2. Payment of benefits for hospital charges will not commence until the regular medical "deductible" has been met. In addition, enrollees will be required to meet 20 percent of the first \$1,000 of hospital charges incurred in a calendar year by each person covered under the Plan.

3. Reimbursement for the cost of diagnostic testing done on an out-patient basis within seven days of a scheduled hospital admission, and for surgery done on an outpatient basis, is increased from 80 percent to 100 percent.

4. A benefit will be added to the Plan to provide coverage for special care required for the terminally ill. This benefit will apply to any insured person who has a medical prognosis of a life expectancy of less than six months and will include coverage of inpatient care in hospice facilities as well as home hospice care and related services.

5. For a staff member retiring after May 1, 1984 with less than ten years of service, the initial monthly contribution in retirement will be that applicable to his Fund salary for the last pay period during which the participant was in active service. This contribution will increase pro rata with staff contribution rates.

6. For a staff member retiring after May 1, 1984 with ten or more years of service, the monthly contribution rate will be linked to gross annual pension as determined before commutation of any portion of that pension.

7. Imputed interest will be calculated on the undisbursed balances of contributions made to the Medical Benefits Plan. It will be calculated using the rate of remuneration and will be credited quarterly to the MBP.

In addition, the Committee recommends that the staff issue to all enrollees a booklet giving an up-to-date and easy to understand description of the provisions of the Medical Benefits Plan. It also requests that the staff review the issue of introducing coverage for custodial care, with special reference to the problems associated with Alzheimer's disease. With regard to the introduction of the new benefit for care for the terminally ill, the Committee asks that hospice care provided under the MBP be reviewed periodically vis-a-vis evolving insurance industry standards. Finally, the Committee asks that the staff continue to review as a matter of regular practice the performance of the Plan's administrator, to ensure that the MBP is being administered in an efficient and cost effective manner.