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BUDGET ESTIMATES FOR THE FINANCIAL YEAR 1960

Section 7, Common Staff Costs, Chapter II, item (iii),
contributions to medical insurance and other medical
care

(Note by the Secretary-General)

1. The Secretary-General wishes to inform the Fifth Committee of a development in premium rates for the Headquarters medical insurance coverages which has occurred since the initial 1960 estimates were prepared.
2. When the Fifth Committee approved the introduction in 1957 of major medical insurance coverage at Headquarters, it did so on the basis of an equal sharing of the costs by the Organization and by the staff and on the assumption that the detailed provisions of the scheme should produce a cost at approximately the level anticipated by the Secretary-General in his report (i.e., single, \$1.25 per month; with dependents, \$3.00 per month).
3. Experience has now shown that the cost of benefits under the major medical coverage requires new premium rates, which were advised by the insurance company with effect from 1 October 1959, namely, single, \$1.76 per month; and with dependents, \$4.30 per month.
4. The Secretary-General was unable at this late date to bring this new increase into his estimates for 1960. There appeared therefore two alternatives: the first was to reduce the benefits under the insurance scheme to the level which could be bought by the financial provision; the second was to retain the level of entitlements, the increased cost to be met by additional staff contributions. These alternatives were carefully discussed with the staff representatives who

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attached such importance to the maintenance of major medical insurance in its original form that they agreed that the staff would for the coming year carry the increased cost due to this factor (\$35,600), as well as the cost of one minor improvement (\$3,000).

5. The figures are as follows:

Annual premium cost of major medical plan prior to 1 October 1959	\$89,000
Increase in annual premium costs from 1 October 1959	46,500
Portion of increased premium costs shared equally by staff and Organization	7,900
Financed in full by participating staff	38,600

6. In agreeing that the staff would bear the additional costs as noted above, the staff representatives requested the Secretary-General to inform the Fifth Committee that they deeply appreciated the protection afforded by the major medical plan, but that they sincerely hoped that the General Assembly would find itself able to maintain the principle of equal contributions by the staff and the Organization, with the result that the Fifth Committee would give its approval that the estimates for medical insurance for 1961 should be prepared on the agreed fifty-fifty sharing basis, notwithstanding that the premium rates for the major medical coverage might show some increase over the levels originally anticipated by the Secretary-General in 1957.
