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PERSONNEL QUESTIONS

United Nations salary, allowance and benefits system: questions  
outstanding from the eleventh session

Dental costs insurance

Eighteenth report of the Advisory Committee on Administrative and Budgetary  
Questions to the twelfth session of the General Assembly

1. The Advisory Committee on Administrative and Budgetary Questions has considered a report on dental costs insurance (A/C.5/719) which the Secretary-General has submitted in accordance with a request made by the Committee during the eleventh session of the General Assembly.<sup>1/</sup>

Outline of previous action

2. The Salary Review Committee raised the matter of dental insurance when it reported to the Assembly at its eleventh session that "it is desirable to provide some kind of scheme to mitigate the very heavy dental expenses which staff may incur in certain areas. The Organization should therefore accelerate studies which are being made into the possibility of either insurance arrangements or contractual arrangements, on a shared cost basis".<sup>2/</sup> Accordingly, the Secretary-General recommended to the Assembly at that session the adoption of the Group Health Dental Insurance Plan (offered by a non-profit organization) which he termed "the only comprehensive dental expenses insurance plan available in the New York area".<sup>3/</sup>

1/ Official Records of the General Assembly, Eleventh Session, Annexes, agenda item 51, A/3535, para. 15 (d).

2/ A/3209, para. 245.

3/ Official Records of the General Assembly, Eleventh Session, Annexes, agenda item 51, A/C.5/701.

3. Although agreeing with the Salary Review Committee's comment, the Advisory Committee requested<sup>4/</sup> the Secretary-General to submit a further report, covering possible alternatives, because it was not entirely satisfied that the Group Health Dental Plan was the most appropriate or economical means of alleviating any heavy dental costs incurred by Headquarters staff. On 14 February 1957<sup>5/</sup> the Fifth Committee endorsed the Advisory Committee's request.

4. The Secretary-General has now submitted to the Advisory Committee a detailed report (A/C.5/719) based on a study made jointly by the Staff Council, the United Nations Medical Director and the Office of the Controller. The report concludes that Group Health Dental Insurance is the best of the following alternatives considered:

- (a) Commercial insurance;
- (b) A dental clinic on United Nations premises;
- (c) Contractual arrangements (with a number of dentists or group of dentists);
- (d) An internal self-administered plan;
- (e) The Group Health Dental Insurance Plan.

The Secretary-General again recommends "the adoption of the Group Health Dental Insurance Plan as the best solution at this time" (A/C.5/719, para. 16).

Group Health Dental Insurance base plan and alternative A

5. The Advisory Committee regrets the lack of a scheme limited to major dental expenses for it is in that area, rather than in the small day-to-day expenses, that insurance plays its essential role. In the absence of such a plan, the Advisory Committee concurs in the Secretary-General's selection of the Group Health Dental Insurance Plan, which reimburses a member for dental expenses in accordance with a fixed schedule of allowances that may be less than the dentist's fees. However, the 3,700 dentists in the New York area who participate in Group Health Dental Insurance do not charge insured families, having an income of less than \$5,000, more by way of fees than the fixed schedule of allowances.

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<sup>4/</sup> A/3535.

<sup>5/</sup> Official Records of the General Assembly, Eleventh Session, Fifth Committee, 589th meeting.

6. The plan does not provide for the costs of correcting pre-existing conditions, except that it pays one-half of the allowances in its schedule towards fillings and extractions needed at the time of joining. As indicated in paragraphs 18 and 19 of A/C.5/719, the full allowances would be granted to participants if an additional premium were to be paid for the first year (alternative A). The Advisory Committee shares the doubts expressed by the Secretary-General regarding alternative A, which would increase the first year's cost by an estimated \$45,000.

7. Attention should also be drawn to the fact that dental insurance represents a relatively recent development. Thus, the Secretary-General reports that commercial coverage is not available, and that Group Health Dental Insurance, first offered in 1954, is one of only two non-profit dental insurance groups in the New York area. Furthermore, participation in Group Health Dental Insurance is open only to groups which succeed in enrolling a reasonably large percentage of their members. The Committee believes that as experience is gained in this largely untried field, the United Nations may well find it necessary to reconsider any scheme of dental insurance that may now be authorized.

#### Sharing of dental insurance costs

8. The Salary Review Committee recommended the provision of a dental scheme "on a shared costs basis", but "felt unable to take any position on the question of what proportion of the over-all cost of the two schemes [medical and dental] should be borne by the Organization and the staff respectively",<sup>6/</sup> In his report to the Assembly at its eleventh session, the Secretary-General proposed an equal sharing of costs between the staff and the Organization.<sup>7/</sup> His latest proposal (A/C.5/719, para. 22) is likewise based on an equal division of costs.

9. Prior to 1 June 1957, the United Nations paid that part of the medical insurance premium cost exceeding 1 per cent of salary in the case of staff members earning less than \$5,000 and exceeding 2 per cent in the case of those earning more. That subsidy amounted to approximately one-third of the cost of the base medical/hospital plans. At the time major medical cost coverage was added to the base plan, the Advisory Committee concurred (A/3535, para. 15 (c)) in the

<sup>6/</sup> A/3209, paras. 245 and 247.

<sup>7/</sup> A/C.5/701, paras. 21, 22 and 26.

proposed increase (from one-third to one-half) in the subsidy, but a principal reason for the change in the existing formula was that the majority of the staff were already paying their ceiling contribution and therefore almost the full cost of any further increases in benefits or premiums would have fallen on the Organization. The Committee now sees no sufficient reason in the case of the base dental plan for varying from the one-third subsidy previously paid under the base medical/hospital plans.

10. Assuming that staff participation will not be as large in the dental as in the medical insurance plans, the Secretary-General estimates that the total Group Health Dental Insurance costs (excluding alternative A) will be between \$100,000 and \$120,000 a year. On this assumption, the annual cost of the one-third subsidy recommended by the Advisory Committee would be 33 to 40 thousand dollars, of which approximately 14 per cent would be chargeable to UNICEF, TAA and TAB.

Summary of recommendations

11. The Advisory Committee recommends:

- (a) That the base Group Health Dental Insurance Plan should be adopted on an experimental basis when staff enrolment is sufficient to qualify the United Nations as a participating organization;
- (b) That no subsidy should be paid by the Organization in respect of the Group Health Dental Insurance alternative A, which provides increased coverage for certain pre-existing conditions;
- (c) That approximately one-third of the cost of participation in the base Group Health Dental Insurance Plan ((a) above) should be borne by the United Nations and the remaining two-thirds by the participating staff.

12. The Advisory Committee believes that, as in the case of the medical/hospital plan, the one-third subsidy should not be granted to every participant. Instead, it should be distributed in such a manner as to arrive at an over-all one-third subsidy for the totality of participants by granting major assistance to staff in the lower income groups with dependants, and for other staff members assistance calculated in inverse ratio to salary. Thus, it is apparent that the computation of subsidies payable by salary groups will depend on the extent of staff participation in each such group. However, the following schedule shows, on the basis of current participation by salary level in the medical plan, the modest monthly premiums which participants would pay were the United Nations to subsidize one-third of the total premium inversely in accordance with salary. /...

Salary range <sup>8/</sup>	Single		Husband and wife		Family	
	Staff member	UN subsidy	Staff member	UN subsidy	Staff member	UN subsidy
\$	\$	\$	\$	\$	\$	\$
To \$3300	0.75	0.90	1.15	2.15	2.10	3.90
\$3301 - \$4200	0.90	0.75	1.50	1.80	2.70	3.30
\$4201 - \$5100	1.15	0.50	1.80	1.50	3.30	2.70
\$5101 - \$6600	1.65	-	2.15	1.15	3.90	2.10
\$6601 - \$8400	1.65	-	3.30	-	4.50	1.50
Over - \$8400	1.65	-	3.30	-	6.00	-

<sup>8/</sup> Base pay, personal allowance, language allowance, non-resident's allowance, post adjustment, less staff assessment.