

**Statement of the Chairman
Advisory Committee on Administrative and Budgetary Questions (ACABQ)**

4 March 2016

Managing after-service health insurance liabilities
(ACABQ report: A/70/7/Add.42; related Secretary-General's report: A/70/590)

Mr. Chairman,

I am pleased to introduce the Advisory Committee's report (A/70/7/Add.42) on managing after-service health insurance liabilities. The Committee's report addresses the recommendations of the Working Group on after-service health insurance, which are contained in the Secretary-General's report (A/70/590) submitted in response to resolution 68/244 of the General Assembly.

The Advisory Committee welcomes as a whole, the review undertaken by the Working Group which was established by the Finance and Budget Network of the High-level Committee on Management of the United Nations System Chief Executives Board for Coordination.

The Committee recommends that the General Assembly endorse recommendations 1 to 3 of the Working Group, which call for a collective approach to dealing with third party administrators and health-care providers in order to optimize pricing and network access. Notwithstanding the existing barriers such as the diversity of health-insurance plans and the variation in operating models across the United Nations system, the Committee is of the view that opportunities do exist for consolidation for the purpose of achieving economies and efficiencies while maintaining access to quality healthcare. In this regard, the Advisory Committee encourages the Working Group to continue exploring opportunities for the consolidation of health insurance plans at the various levels.

Coming to recommendation 4 of the Working Group, which encourages the organizations of the United Nations system to incorporate the requirement for participants to enrol in national health insurance plans in addition to their United Nations plans, the Advisory Committee is of the view that its implementation could achieve savings. However, the Advisory Committee is not in a position to recommend that the General Assembly endorse this recommendation until the Committee receives more information about national health insurance plans in countries where United Nations retirees reside.

Mr Chairman, the Advisory Committee acknowledges recommendation 5 of the Working Group as well as the views of the Pension Board, which advise against broadening the role of the Pension Fund to include the administration of after-service health insurance. The Committee notes, however, that the Pension Fund could still share its best practices and operating methods should the organizations of the United Nations system take a system wide approach to after-service health insurance coverage. Therefore, the Advisory Committee is not in a position to recommend the endorsement of recommendation 5 of the Working Group at this time.

With regard to the determination and disclosure of after-service health insurance liabilities, the Advisory Committee recommends the endorsement of recommendation 6 of the Working Group, which calls for the standardization of the general valuation methodology for these liabilities across all organizations and expects that every effort will be made to achieve this objective.

As for recommendation 7 which calls for the funding of after-service health insurance liabilities, the Advisory Committee notes that the General Assembly still considers that the existing pay-as-you-go approach is a viable option. In this regard, the Committee reiterates its recommendation for the continuation of the pay-as-you-go approach.

Finally, the Working Group recommends that organizations explore opportunities to leverage existing arrangements with external asset managers to maximize returns and limit management fees. The Advisory Committee is not in a position to recommend the endorsement of this recommendation since no decision to that effect has been taken by the General Assembly.

I thank you, Mr. Chairman.