



CONFEDERATION DES ASSOCIATIONS DE RETRAITES DE L'OTAN  
CONFEDERATION OF NATO RETIRED CIVILIAN STAFF ASSOCIATIONS

Sous la présidence d'honneur de  
Monsieur le Secrétaire Général de l'OTAN

15 December 2014

#### **Newsletter 4**

The Executive Committee of the Confederation of NATO Retired Civilian Staff Associations (CNRCSA) wishes all retired staff a healthy and happy 2015. This is the fourth of a series of Newsletters which the Confederation issues periodically to keep the members of its constituent Associations (NOBA, FARAO, ANARCP, and ARNS) updated on recent developments and major issues of relevance to them.

During the last months, the CNRCSA representatives have continued to defend the interests of the NATO retired community by attending the meetings of the statutory bodies where retirees are represented and by maintaining regular contacts with NATO Executive Management, Personnel Support Services (PSS), and the Confederation of NATO Civilian Staff Committees (CNCSC).

All queries you may have on the topics dealt with below should preferably be addressed to your respective associations (NOBA, FARAO, ANARCP, or ARNS). Do not hesitate to send your comments to the CNRCSA Secretariat ([confed.cnrdsa@hq.nato.int](mailto:confed.cnrdsa@hq.nato.int)) or CNRCSA Secretariat, NATO Staff Centre, Boulevard Léopold III – B1110 Bruxelles, Belgique (00322 707 2688).

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#### **NEW COMPOSITION OF THE CNRCSA BUREAU**

The Committee noted the resignation of its Chairman, Mr. P. Emmett, thanked him for his contribution to the CNRCSA work, and noted with satisfaction that he would continue to serve as the ARNS representative to the Executive Committee. The new composition of the Bureau is as follows:

Chairman : Mr. Olivier Guidetti (NOBA - <mailto:guidetti@tango.lu>)  
Vice-Chairman : Mr. Hessel Rutten (ANARCP - <mailto:rhhrutten@hetnet.nl>)  
Treasurer : Mr. Erwig Marquenie (ARNS - <mailto:e.marquenie@hotmail.com>)  
Secretary : Mr. Billy Roden (ARNS - <mailto:williamroden@skynet.be>)

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## **NATO GROUP INSURANCE CONTRACT AND AWC RELATED MATTERS**

### **- Claim form**

The AWC claim form will be amended to read “amount of reimbursement by another **source**”. A check-box will be included where the insured will be required to certify that he/she is not eligible to claim from another source. It was also confirmed that any other national or private Social Security Scheme should be assimilated to a primary insurance to which reimbursement claims should be addressed in the first instance. This would be a major medical cost containment measure which could favourably impact the RMCF.

### **- NATO-wide Supplementary Insurance Schemes (NWS)**

The existence of various NWS schemes is a very complex issue. It can be demonstrated that the NWS, through the increased medical consumption they induce in some countries, have an impact on the basic coverage too. It was agreed that NATO Personnel Support Services (PSS) will write to the CNCSC, which is the NWS policy holder, to take remedial actions. A special Working Group might be formed in due time to tackle this issue.

### **- Direct billing of invoices (out-patient treatments)**

The issue of the proofs of payment required by AWC, before it will reimburse medical claims of high amounts related to dental and optical treatments, remains unsolved. The CNRCSA had proposed a compromise solution whereby these claims should exceptionally be reimbursed by AWC without prior payment by the beneficiary, with the understanding that written proof of payment must be provided, within one week, by the beneficiary after the AWC reimbursement has been received.

The PSS did not approve this compromise solution and remains inflexible. They were informed of the numerous angry reactions of the beneficiaries at the lack of understanding shown and of the possibility of complaints being lodged to the new Secretary General. For the sake of clarity, the Administration's formal position is reflected in Annex 1. After lengthy discussions, the PSS agreed to take into consideration extreme hardship cases, however, without specifying the parameters required.

The CNRCSA Executive Committee agreed to re-address this important issue at higher NATO Management level for further discussion.

### **- Fraud handling**

The CNRCSA representatives have received statistical data from PSS on proven fraud cases related to the insurance contract and have been informed on the measures NATO and AWC are contemplating considering to combat fraud. These measures will be included in the revised NATO Benefit Guide (NBG). NATO's intention is to take disciplinary action against fraudulent staff members and also to refer any suspected violation of national law to the

appropriate authorities. CNCSC and CNRCSA representatives strongly supported the initiative of PSS of drafting and implementing a clear policy on fraud handling to be included in the new NATO Benefit Guide.

#### **- Retention of bills**

The CNRCSA expressed its concern that a new policy had been tacitly introduced without appropriately informing the insured community, which had created unnecessary confusion and frustration. It was recalled that approximately 40 % of the CNRCSA members do not have or are not familiar with a computer and, consequently, forward their claims with the original invoices to AWC by postal service.

The new policy provides that all bills and exchanges of mail with AWC should be kept for a period of two years. Those retirees who mail the invoices directly to AWC are advised to keep copies. AWC will keep the originals for them. Those retirees who scan and email the bills will have to keep themselves the originals. This policy will be reflected in the revised NBG and will be highlighted by AWC representatives at briefings given at retirees' meetings.

#### **- Update of documents**

The rewriting of the NATO Group Insurance contract (NGIC), from a legal point of view, is ongoing and might be completed by the end of the year. Reimbursement ceilings and benefits should remain unchanged. The draft version of the revised NGIC has been forwarded to NATO by Allianz France recently. It is understood that this contract in its final form will be signed by the NATO HQs Financial Controller and the ASG Executive Management.

The revised NATO Benefit Guide might be available online and in hard copy in spring 2015 including an adjusted Table of Benefits. Each beneficiary will receive a hard copy distributed by AWC.

The CNRCSA requested that all stake-holders in the JCB and its Working Group on Insurance Matters should be kept regularly informed and closely involved in the co-ordination process of these important documents.

#### **- Care at home**

You might recall that the CNRCSA has investigated the insurance market for a stand-alone supplementary cover for the retired NATO community with some 6500 potential beneficiaries for non-medical home care. It is understood that the services provided do not pertain to the medical domain but to the social one, and could be rendered to a beneficiary at home by family members and friends. Help and support in washing, feeding, dressing and mobility are some of the services offered to the insured persons who are in the situation of permanent incapacity but do not fulfil the criteria to be cared for in a medical nursing home under the current medical health plan.

Such a non-medical cover would be in line with the current political understanding of many NATO countries which are stressing the need for residential care, thereby minimizing the later admission into a nursing home. It is with regret that the CNRCSA has to advise its community that such a supplementary insurance which would have had to be financed 100% by its members, after the Nations and the CNCSC have decided in 2009 not to partially fund the project, will not go through. All insurance companies contacted had several conditions, like: mandatory affiliation of all retired staff, age limitation of 75 or 80 years and the benefit-cost relationship which made further discussions impossible for the CNRCSA.

Consequently, the CNRCSA Executive Committee decided to close this issue for the time being. Maybe the insurance market will follow up on the political will for non-medical residential care in the years to come. We understand that Germany has already modified its *Pflegeversicherung* accordingly.

#### **- Total loss of autonomy/Full dependency**

The CNRCSA representatives had to insist that their proposal, which had been made more than three years ago, be at last discussed by the competent JCB Working Group on Insurance Matters. PSS had systematically “omitted” to put it on the Agenda and to circulate it to the WG members.

You may recall that the proposal consisted in adding a covenant to the NGIC authorizing active and retired staff members or their dependents, who fully meet the medical conditions to be cared for in a medical nursing home, to benefit from the same coverage at home if they, or their relatives, wish so.

It is obvious that PSS still confuse this CNRCSA proposal with non-medical Long Term Care. They are unwilling to amend the NGIC and doubt that the proposal will be cost neutral unless proven otherwise. Finally, they agreed that the CNRCSA document be circulated amongst the WG members for information and indicated that they managed case by case the requests that reached them. However, they did not provide the objective and transparent criteria on the basis of which they made their decisions.

We would therefore advise those retirees or their relatives who would wish to benefit of a medical long-term care at home for themselves, their spouse, or their dependents to contact the PSS and send a <mailto:smets-achten.myriam@hq.nato.int> to get additional information.

#### **- Remedial actions**

To ensure a robust medical insurance cover and a stable premium in line with cost containment measures, PSS have indicated that the use of generic medicine will become mandatory and that the cost reimbursement of a private room for an out-patient one-day hospitalization might be declined. Another action concerned the RMCF asset and liability study (see below).

### **- AWC new App for smartphones**

Allianz Worldwide Care Services have introduced a new mobile App called “MyHealth App”. This tool is available via the App Store or Google Play. Via this App, beneficiaries can:

- Quickly and easily submit claims by taking photos of receipts;
- Consult their policy documents;
- Track the status of their claims on line;
- Locate a hospital close to their location;
- Have immediate access to local emergency numbers;
- Contact the AWC helpline directly.

For a demonstration, please go to: [www.allianzworldwidecare.com/myhealth](http://www.allianzworldwidecare.com/myhealth).

In summary, the claim handling service of AWC has improved and the support system including helpline, client services and medical service is now better understood by the beneficiaries. However, one must realize that some “flexible interpretations” of the NGIC are no longer possible. Cost containment measures have priority in order to safeguard the existing benefits and keep the premium rates stable. Nevertheless, experience has shown that AWC, as third part administrator, is always prepared to help the beneficiaries in their endeavours for clarification. However, it must be realized that the final decision concerning the interpretation of the NGIC is made by NATO, as the policy holder, and ALLIANZ France as the main insurer, in line with the Belgian Social Security legislation.

### **RETIREES MEDICAL COVERAGE FUND (RMCF)**

The CNCSC proposal to delete footnote 2 to CPRs article 51.2 (see Newsletter 3, 15 April 2014) has been submitted to the JCB and the Legal Advisor for advice on the possible legal implications of the proposal. The CNRCSA has insisted that the footnote should not be suppressed but modified to safeguard the vested rights of existing retirees. Any amendment to the contribution system should apply to new retirees only.

The JCB, at its next meeting in March 2015, will consider the Legal Advisor’s position and make appropriate recommendations to the Secretary General.

The latest updated draft of the Assets and Liability Management Study of the Fund, prepared by the NATO-commissioned actuaries, reveals that the cost of medical expenses seems to be one of the most important parameters to address in order to improve and achieve the long-term sustainability of the Fund, which is not an immediate issue. The RMCF Supervisory Committee will examine in January 2015 the options/recommendations made by the actuaries.

As indicated above, PSS have already taken a series of cost-containment measures and are ready and willing to consider, with staff representatives, additional actions which might favourably impact the medical cost pattern of the NGIC and the RMCF. The CNRCSA, with the support of the CNCSC, will propose to the JCB Chairman the setting up of a Joint Working Group on Medical Cost Containment.

### **2015 PENSION ADJUSTMENT**

The Co-ordinating Committee on Remuneration has submitted its recommendations on the 2015 remuneration and pension adjustment to the Secretaries/Directors General of the Co-ordinated Organisations (see Annex 2). At NATO, several countries requested an extension of the silence approval deadline and indicated, subsequently, that they would not oppose the recommendation while expecting that the new methodology would better reflect the NATO budgetary situation and the realities in national civil services. The Council has now approved the CCR recommendations.

The recommended negative adjustment for Italy has been a source of discontent among retirees in that country who requested, through AAPOCAD and the CNRCSA, that a freeze of such adjustment be proposed to the Secretary General.

The CNRCSA Executive Committee decided, with the support of the CNCSC, not to make such proposal. It would indeed be politically ill-advised, dangerous and inappropriate to call the use of essential elements of the method into question when their application happens to be locally or temporarily unfavourable. This would only give support to the “enemies” of the quantified, objective, predictable and stable method we defend.

### **COST OF THE 1974 PENSION SCHEME**

On 21 August 2014, four nations expressed their concern to the Deputy Secretary General about the ever-increasing cost of the NATO civilian pension scheme. This prompted a reaction from the CNCSC Chairman (see Annex 3). The CNRCSA Chairman will also write to the Secretary General reaffirming our Confederation’s support to the active staff position and also insisting on the fact that, in the upcoming discussions on a new remuneration/pension adjustment method, the retired community representatives would fight, by all means available, any proposal to de-link remuneration and pension adjustment.

### **RECOGNITION OF CIVIL REGISTERED PARTNERSHIPS**

It was agreed at the recent JCB meeting that a Working Group should be established to make progress on the recognition of civil registered partnerships. The following ideas should be addressed: types of partnerships to be recognised by NATO, types of benefits to be granted; consequences for allowances, etc. As this is an issue of interest to retirees, the CNRCSA will be represented in the working group.

## **NATO ADMINISTRATIVE TRIBUNAL (NAT)**

The NAT published its activity report for 2013. It will be discussed at one of the next JCB meetings where improvements, if any, too be made to the internal judicial process will also be considered. The report will be made available on the new CNRCSA website (see below).

The NAT also held its first public hearings in September 2014. Retirees wishing to attend the next NAT sessions should comply with some security and NAT regulations which can be obtained from the Registrar (<mailto:mailbox.tribunal@hq.nato.int> /003202 7073831).

The CNRCSA representatives had several contacts with the NAT Chairman in order to solve the long-standing problem of the communication to retirees of the CPRs provisions dealing with the new complaints and appeals process. A major progress forward has been achieved with the setting up of a public NATO Administrative Tribunal website (<http://www.nato.int/cps/en/natohq/114121.htm>)

The website includes the list of NAT members, basic documents and reference material, the schedule of sessions, a compendium of judgments, and other practical information. Discussions are on-going on how to communicate, in hard copy, the information to unconnected retirees.

## **COMMUNICATION OF INFORMATION TO RETIREES**

As indicated in the preceding sections, we are now moving in the right direction concerning the subject matter. CNRCSA representatives held several meetings with Executive Management/NAT representatives where the following was agreed:

- The development of an Executive Management Newsletter for dissemination to the retired staff, which would incorporate work-related items of potential interest, grouped under headings, e.g. to provide an overview of developments in NATO as a whole, regulatory changes of special interest to retired staff, to include changes to the Appeals and dispute resolution system, pension and insurances.
- The development of a web-portal to make available developments which concern changes to the Civilian Personnel Regulations and extracts therefrom; an Administration dedicated section included in the future CNRCSA website could serve the purpose.
- The distribution of information on pension slips to retired staff affiliated to the Coordinated Pension Scheme.

This package of information will also be made available, in hard copy, to those retirees not using a computer, through a formal system still to be agreed by all parties concerned.

### **NEW CNRCSA WEBSITE**

The CNRCSA Executive Committee has contracted an external web designer which was tasked to develop the general structure and the graphics of the website. The model site has been approved. We will now start to populate the various sections and upload all reference material. We expect the bilingual website to go live, after completion of all compliance tests, in the beginning of next year.



**Explanatory note on the way Allianz Worldwide Care deals with outpatient invoices of high amounts where there is no proof of payment**

According to the medical plan, medical expenses should be paid before they are claimed for reimbursement with the administrator. However, to keep the financial burden to a minimum, Allianz Worldwide Care (AWC) agreed to pay outpatient medical invoices for higher amounts directly to the provider. In case the hospital or the medical provider needs a guarantee, AWC sends a treatment guarantee or guarantee of payment to the provider, confirming cover and asking to send the invoice directly to AWC, so a direct payment to the provider can be organized.

The only exceptions to the above are payment of dental care, of optical invoices and of orthopaedic devices and hearing aids. For those, AWC doesn't foresee direct payment to the provider, and the member needs to pay the expenses first, and send the bill to AWC for reimbursement, together with a proof of payment, according to the below guidelines: AWC will ask for an explicit proof of payment in the following cases:

- For all dental invoices, over 2,000 EUR
- For all optical invoices, over 500 EUR
- For all invoices for orthopaedic devices and hearing aids, above 2,000 EUR
- In case of doubt, irrespective of the amount of the invoice
- Randomly, as a quality procedure

A proof of payment can be one of the following:

- An invoice from the provider, where the provider clearly mentions that the invoice was paid, adding a signature and a stamp of the provider in question
- A bank statement, proving the amount was transferred into the bank account of the provider in question
- A visa or (master)card ticket, proving the amount was paid by card in the provider's cabinet or shop.

For some cases this means that the member needs to pay a high amount first, and can only receive a reimbursement after the payment was done. A representative from the Confederation of NATO Retired Civilian Staff Associations suggested to foresee an exception for such cases, where AWC would pay the member directly, without having provided a proof of payment, and ask the member to send a proof of payment within maximum 2 weeks following the payment.

NATO and AWC discussed this proposal. We concluded not to introduce this exception, for the following reasons:

- The standard rule of the medical contract is pay and claim and the above proposal was not applied in the past.
- These expenses are usually planned well in advance, and for dental treatment they are spread over a longer period of time, which gives the member the time to save up for the treatments and is in the position to pay the provider for the expenses incurred.
- Dental treatments for higher amounts refer usually to elective treatments, where the member has the option to go for cheaper or more expensive solutions. To keep the expenditure under the medical plan to a reasonable level, both AWC and NATO HQ are of the opinion members should be encouraged towards an approach of cost-awareness, where members are aware that their personal decisions do have an impact on the performance of the medical plan, and in the end, on the premiums charged. By asking them to pay these high cost dental and optical invoices first, before receiving a reimbursement, we trust this will create more awareness.
- Staff members can send their claim by email and add all relevant information (including detailed invoice and proof of payment, according to guidelines above), after which AWC will proceed with a reimbursement within 48 hours.

## ANNEX 2a – ANNEXE 2a

ADJUSTMENT INDICES FOR SALARY SCALES AND ALLOWANCES AT 1 JANUARY 2015  
INDICES D'AJUSTEMENT POUR LES BAREMES DES TRAITEMENTS ET INDEMNITES AU 1<sup>er</sup> JANVIER 2015

Consumer Price Index Indice des Prix à la Consommation	REFERENCE INDEX (see Annex 1) INDICE DE REFERENCE (voir Annexe 1)	REFERENCE INDEX x Consumer Price Index INDICE DE REFERENCE x Indice des prix à la Consommation	Effect of the reference curve of purchasing power (Appendix 2 of Annex 1 to the 211 <sup>st</sup> Report) Effet de la courbe de référence de pouvoir d'achat (Appendice 2 de l'Annexe 1 au 211 <sup>e</sup> Rapport)	FINAL ADJUSTMENT INDICES applicable at 01.01.2015 to salary scales In force at 31.12.2014 INDICES D'AJUSTEMENT FINAUX applicables au 01.01.2015 aux barèmes en vigueur au 31.12.2014
(1)	(2)	(3)	(4)	(5)
AUSTRALIA	103.0	104.0		104.0
AUSTRIA	101.7 <i>Ncp</i>	102.7		102.7
BELGIUM	100.7 <i>Ncp</i>	101.7		101.7
CANADA	102.4	103.4	0.3	103.7
DENMARK	100.4 <i>Ncp</i>	101.4		101.4
FINLAND	101.1 <i>Ncp</i>	102.1		102.1
FRANCE	100.6 <i>Ncp</i>	101.6	0.5	102.1
GERMANY	101.0 <i>Ncp</i>	102.0		102.0
GREECE	98.5 <i>Ncp</i>	99.5	- 0.2	99.3
HUNGARY	99.9 <i>Ncp</i>	100.9	- 0.1	100.8
ICELAND	101.3 <i>Ncp</i>	102.3	0.4	102.7
IRELAND	100.5 <i>Ncp</i>	101.5	2.7	104.2
ITALY	100.2 <i>Ncp</i>	101.2	- 2.7	98.5
JAPAN	103.6	104.6	- 0.7	103.9
KOREA	101.7	102.7		102.7
LUXEMBOURG <sup>(a)</sup>	100.7 <i>Ncp</i>	101.7		101.7
MEXICO	103.8	104.8	- 1.0	103.7
NETHERLANDS	100.3 <i>Ncp</i>	101.3		101.3
NEW ZEALAND	101.6	102.6		102.6
NORWAY	101.8 <i>Ncp</i>	102.8		102.8
POLAND	100.3 <i>Ncp</i>	101.3	- 1.1	100.2
PORTUGAL	99.8 <i>Ncp</i>	100.8	- 0.4	100.4
SPAIN	100.0 <i>Ncp</i>	101.0	- 1.4	98.6
SWEDEN	100.5 <i>Ncp</i>	101.5	1.5	103.0
SWITZERLAND	99.9 <i>Ncp</i>	100.9		100.9
TURKEY <sup>(b)</sup>	109.2 <i>Ncp</i>	110.3		110.3
UNITED KINGDOM	101.9 <i>Ncp</i>	102.9	0.8	103.7
UNITED STATES	102.1	103.1		103.1

<sup>(a)</sup> Belgian index / indice Belgique<sup>(b)</sup> Country concerned by a special adjustment / Pays concerné par un ajustement exceptionnel



**Confédération des comités du personnel civil de l'OTAN**  
**FLASHINFO NEWSFLASH**

**Confederation of NATO Civilian Staff Committees**

N° 13/18/01  
13 / 11 / 2014

**PENSIONS**

**Letter to Permanent Representatives on the North Atlantic Council**

13 November 2014

CNCSC-L(14)20

Your Excellency,

I am writing to you in my capacity as Chairman of the Confederation of NATO Civilian Staff Committees, which represents the 6,400 civilian staff employed by NATO throughout the world.

On the 21<sup>st</sup> of August 2014, four nations (Canada, France, the Netherlands and the United Kingdom) wrote to the Deputy Secretary General noting "with concern the ever increasing cost of NATO civilian pension scheme". On behalf of all NATO civilian staff, I would like to provide you with some essential background information on the subject.

To start with, NATO actually has three pension schemes: the Provident Fund, the Defined Benefits Pension Scheme (aka the "Coordinated Pension Scheme", introduced in 1974) and the DCPS (introduced on 1<sup>st</sup> July 2005).

The Provident Fund has very few members left. The Coordinated Pension Scheme became a closed system when the DCPS was introduced for staff members recruited after 1 July 2005. The DCPS is funded on a monthly basis by staff members and NATO.

Therefore, we can only assume that the "concern" expressed in the aforementioned letter relates exclusively to the Coordinated Pension Scheme.

It is important to note that for about 20 years, the nations did not pay a single penny in contributions into that pension scheme. During that period, the pensions were financed exclusively by the contributions of active staff members. The nations only started paying a small proportion of the amounts they owed to the scheme (nations being responsible for 2/3 of the costs, employees for 1/3) when the staff members' contributions became insufficient (in the early 1990's). In effect, nations merely topped up staff contributions to pay for the pensions actually being paid out. Unlike what is

done in other (if not all) Coordinated Organizations, the NATO member nations never put money aside to pay for coordinated pensions.

Obviously, the nations' actions have left a financial hole in the scheme. In 2002, Lord Robertson (then Secretary General) reminded the Council (C-R(2002)53, paragraph 1.141) in no uncertain terms what the problem was and where the fault laid. The nations at the time decided to ignore their past failings. And since 2002, the nations have not acted differently.

We have also seen further abuse of the Coordinated Pension Scheme funds, when the Council recently agreed to use funds from the 2013 end of year surplus under the budget line for the Coordinated Pension Scheme (2,301,865 EUR, Military and Civil budgets) to pay for the cost overrun of the new Headquarters.

In light of the above, you will understand that the staff finds it very difficult to accept that some nations are now starting to express concerns over pension costs.

I would therefore, respectfully request that the NAC takes all these elements (and their potential legal implications) into consideration when discussing pension issues.

Yours sincerely,



Andrew D. HILL  
Chairperson  
Confederation of NATO Civilian Staff Committees

To: Permanent Representatives on the North Atlantic Council

cc: His Excellency Mr. Jens Stoltenberg  
Secretary General of NATO

Ambassador Alexander Vershbow  
Deputy Secretary General of NATO

All civilian staff NATO-wide