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Twentieth Meeting of the Sub-Committee on

Audit and Budgetary Matters

28 October – 1 November 2019

Lusaka, Zambia

**Staff Medical Scheme**

**(AGENDA ITEM 2.5.1)**

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# **Context**

1. Whilst Staff Rules and Regulation provide a framework for out-sourcing the provision of medical scheme, the Secretariat has continued to reimburse medical costs incurred by staff, based on individual claims. Risks, which the COMESA Secretariat have faced include: -
2. **Access and economies of scale**:
* Absence of a professionally managed scheme has led to regrettable loss of life, which could have been avoided. Requiring cash-up from payments, staff do not address health and medical risks, as early as possible thus increasing overall health and medical costs.
* Non-pooling of financial resources based on an annual ceiling of US$3,750 (per person per year) does not enable staff and the organisation to secure economies of scale.
1. **Availability at times of need**:
* The truth is in today’s world healthcare costs are extremely high and just one day in a private hospital or one operation can deplete any emergency funds you may have. While you might think that you are all fit and healthy, accidents do happen and can occur at the least opportune time.
* A well-capacitated medical insurance scheme, financially protects staff, as they avoid sudden large and unexpected medical costs which may arise from accidents and or emergency situations
* If staff have medical aid, they can usually rest assured that there will be no long delays in medical treatment because of not having cash to pay for such treatments.
* Medical Tax rebates - government want you to have medical aid cover and they provide rebates making it more affordable.
1. **Financial verification and establishment of valid claims**: Has become considerably cumbersome and complex.

***Direction given by Council***

1. The Committee on Administrative and Budgetary Matters will recall that Council at its meeting held in Lusaka, Zambia in July 2018, noted challenges arising from the absence of a Medical Insurance Scheme and the risks that regular staff of the COMESA Secretariat and other staff engaged as projects staff and consulting staff face. The Challenges, included the following: -
2. the existing in-house medical scheme on a cost reimbursable basis does not afford full protection to staff and their eligible dependents;
3. eligible staff are required to meet medical costs up-front prior to seeking reimbursements, thus creating both access and internal administrative challenges; and
4. Significant risks impacting on the institution being a health, safe and secure work place, as individual project staff and or consultant staff are required to arrange their own medical scheme insurance. Their failure to arrange an adequate own medical scheme insurance has always impacted on the Secretariat, as occasionally there have been cases of significant illnesses and or death.
5. The Committee on Administrative and Budgetary Matters will also recall that based on the above, the Council approved that the Secretariat: -
6. outsources Group Medical Scheme; and
7. compulsorily extends the outsourced Group Medical Scheme to non-regular staff, at their own cost. Extension of an outsourced Group Medical Scheme to non-regular staff recruited as individual consultants. Each individual consultant should be required to contribute the same amount (COM$3,750 per individual per year) as made by Secretariat on behalf of individual regular staff. The increased membership of Group Medical Scheme will over time also increase the available pooled resources.
8. Committee on Administrative and Budgetary Matters is invited to note that the Secretariat is in the process of identifying and selecting a service provider for Staff Medical scheme/cover, best suited to the circumstances and international character of the COMESA Secretariat and its staff. A tender for an outsourced Medical Insurance Scheme has been launched in the COMESA Region a call for proposals on the COMESA Website and in the three COMESA Official Languages. The tender has been advertised soliciting bids from qualified eligible bidders who are registered with the relevant authorities with duly practicing certificates.

***Terms of Reference***

1. The group medical staff insurance scheme to the COMESA members of staff and their eligible dependents, included among others the following: -
2. Provide a 24/7 medical insurance cover to COMESA Staff & their eligible dependents whose cover shall include: -
3. All outpatient and inpatient costs within and outside Zambia;
4. Dental treatment
5. Eye treatment services including lenses and frames;
6. Maternity cover;
7. Emergency medical evacuation;
8. Pre-existing conditions; and
9. Repatriation of mortal remains.
10. Retained existing ceilings, as availed to staff as follows: -

COMESA contribution: limited to a maximum of US$3,750 per staff per year and this being 80%.

Staff contribution: matching contribution at 20% (i.e. ratio of 1:4).

1. The tender closed on the 4th December 2018.

# **Decision of the Council made in November 2018**

1. In November 2018, the Council decided, that the Secretariat should finalize the acquisition process of outsourcing COMESA Secretariat Staff Medical Scheme Insurance and present the same to the Sub Committee on Audit and Budgetary Matters.

# **Outcome of the Tender Process**

1. The outcome of the tender process is reported in the Report, presented as **Annex 1** **(CS/ADM/SC/XXII/2.5.1A)** to this Report, which highlights the following: -

*Procurement process*

1. The tender for provision of staff medical insurance scheme for staff of the Common Market for Eastern and Southern Africa (COMESA) Secretariat was advertised using restricted competitive tendering, where the RFP was issued to the five invited firms in March 2019 and closed on 12th April 2019. On the closing date and time, five (5) bids were received from the following firms: -
2. Hollard
3. Madison Life Insurance Company
4. SES Unhealth
5. Sanlam Insurance
6. Liberty Insurance

*Technical evaluation*

1. A technical evaluation was carried out based on key elements of TOR, which are outlined below: -

| Criteria | % |
| --- | --- |
| T1 | Adequacy of medical scheme/insurance coverage with major public health and or medical services providers in the host country (i.e. within Zambia)***(24 hour-availability to cover different and varied ailments)*** | 20 |
| T2 | Alignment to international character of COMESA ***(Specific provisions to cater for staff from different nationalities)*** | 20 |
| T3 | Ease of access to medical scheme/insurance at all times***(Specific provisions to facilitate access within Zambia, as COMESA Host Country and within the COMESA Region)*** | 20 |
| T4 | Unique competitive offerings***(Due to nature of operations, staff are required to travel within the COMESA Region, as well as outside COMESA Region and staff may require emergency medical and or health services and or to be evacuated)*** | 20 |
| T5 | Financial capacity***(Proven strong financial position for each of the last five years)*** | 20 |
|  | Total | 100 |

1. The following were provided for in the TOR: -
2. Only bidders, with a technical score of 75% could proceed to next stage of the evaluation, which was consideration of the financial proposal; and
3. Overall weight of the technical score in the overall evaluation criteria was 80%.
4. Two bids, being those from Madison and Sanlam qualified to proceed to the next stage of the evaluation process

*Financial evaluation*

1. The lowest financial proposal of the technically compliant bids was scored at 100% of the maximum financial score, which is weighted at 20 units, with the other bids pro-rated proportionally.

*Combined evaluation*

1. The combined evaluation is shown in Table below: -

**Scoring computation**

| **SCORE DESCRIPTION** | **BIDDER SCORE** |
| --- | --- |
| **MADISON** | **SANLAM** |
| **US$533,439.45)** | **USD 2,228,776.25)** |
| Technical | 82.5% | 75.75% |
| Financial  | **100%** | 100\*533,439.45/2,228,776.25 =**23.93%** |
| Final | (82.5\*80%) +(100\*20%)=88% | (75.75\*80%) + (23.93\*20%)= 65.38% |

1. Based on the above combined evaluation, the bidders were ranked as below: -

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Bidder** | **Technical Score** | **Cost** | **Financial score** | **Final Score** | **Rank** |
| **US$** |
| Madison  | 82.5% | 533,439.45 | **100%** | **88%** | **1** |
| Sanlam  | 75.75% | 2,228,776.25 | **23.93%** | **65.38%** | **2** |

# **Available funding vis-à-vis outcome of the tender process**

1. Funding that is available towards the medical insurance scheme is based on the following:
2. Staff Rule 46, as well as acquired contractual rights which provide for the following:

***Rule 46 (Medical Scheme***

* ***A staff member shall be entitled to reimbursement of 80% of medical expenses incurred by him/her in respect of recognized dependents or himself/herself subject to a ceiling determined by Council. However, such reimbursement shall be for medical expenses incurred for (a) hospitalization and medication; (b dental treatment, filling but excluding dentures and beautification; (c ) ear treatment; or (d) eye treatment (Staff Rule 46)(1).***
* ***Medical expenses incurred by a staff member for treatment outside the sub-region is reimbursable provided that prior authorization from the Secretary General for such treatment is approved on recommendation of a physician appointed by COMESA. However, a medical emergency while on leave or mission shall be an exception and in such a case the expenses shall be reimbursable in accordance with paragraph 1 of this Rule (Staff Rule 46)(2).***
* ***The Council may, on the recommendation of the Secretary General, establish a medical scheme or medical insurance scheme with a reputable international company. The establishment of a medical scheme or medical insurance scheme shall substitute the reimbursement scheme stipulated under paragraph 1 of this Rule and the necessary provision shall be made on the extent of staff contribution to the scheme (Staff Rule 46)(3).***
1. Annual budgetary appropriations, which is set aside, up to a ceiling of US$3,750 (being 80% of medical costs incurred) per staff per year to cater for medical reimbursable costs, with staff contribution set at 20%.
2. Actual costs that staff claim for reimbursement are lower due to the need for cost pre-financing, as reflected below: -

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Item** | **%** | **2018** | **2019** | **2020** |  |
| **Budget** | **Forecast** | **Proposal**  |  |
| Medical claims reimbursable | 424,879 | **585,000** | **570,000** |  |
| Group Insurance | 49,500 | **50,000** | **0** |  |
| **Total** | **474,379** | **635,000** | **570,000** | A |
| **Allocation of costs**  |   |   |   |   |  |
| Employer = COMESA | 80% | 424,879  | 585,000  | 570,000  | A |
| Employee | 20% | 106,220  | 146,250  | 142,500  |  |
| Total | 100% | 531,099  | 731,250  | 712,500  |  |

**Notes to the above table**

* The above figures reflect applicable of Staff Rule 46 on reimbursable costs regarding costs.
* The amount of US$533,439.45, as submitted by the successful bidder is within the available level of funding.

# **Recommendation**

1. **The Sub Committee on Audit and Budgetary matters is invited to recommend the following: -**
2. **The establishment of an outsourced medical insurance scheme, as was decided by the Council in November 2018 and in accordance with Staff Rule 46 (3);**
3. **The cost-sharing be maintained at US$3,750 per staff per year, where the US$3,750 is 80% and is in accordance with employment terms and conditions;**
4. **The awarding of contract, within Staff Rule 46, based on the following: -**

**In respect of the provision of medical insurance scheme for COMESA staff to Madison Life Insurance (the contractor), at an annual cost not exceeding US$533,439.45;**

**Actual costs paid to the contractor shall be dependent on staff (principle member) plus no. of eligible dependents participating in the scheme in the duty station; and**

**The Secretariat should pursue negotiation with Madison to maximise benefits available for staff and their eligible dependents, within the framework of Staff Rule 46;**

1. **Other terms and conditions: -**

**Contract be for a duration of one year;**

**The contract to be renewable for a further three (3) years, upon satisfactory performance and adjustment of costs to be in line with US$ inflation, as adjusted for the conditions in the duty station; and**

**Secretary General shall designate a committee, from within the Secretariat to advise on management of the medical insurance scheme contract with Madison Life Insurance.**

1. **Medical costs of eligible dependents not resident in duty station and thus not participating in the scheme, shall still be reimbursable within the financial limit of US$3,750 per staff per year.**
2. **The Sub Committee on Audit and Budgetary matters is invited to recommend that the medical insurance scheme for COMESA staff be extended to non-regular staff, namely temporary staff; intern staff; and consultants, and as decided by the staff in November 2017, they shall pay for costs of their access and participation in the scheme.**

# **Annex: Report of Tender Evaluation - provision of medical insurance cover for COMESA staff**