

Defined Contributory Medical Scheme

For

Retired Employees

of

National Scheduled Castes

Finance & Development Corporation, Delhi.

1. Introduction

- 1.1 The orders for the revision of pay scales of Board level, below Board level executives and non-unionized staff were issued by Government of India, vide Ministry of Heavy Industries & Public Enterprises, Department of Public enterprises letter No.2 (70)/08-DPE (WC) dated 26th November, 2008. Para 12(V) of annexure IV, inter-alia, provided that CPSEs would be allowed 30% of Basic pay plus DA as superannuation benefits, which may include.
- a) Contributory Provident fund (CPF).
 - b) Gratuity.
 - c) Pension.
 - d) Post Superannuation Medical Scheme.
- 1.2 The Board of Directors of NSFDC in their 105th meeting held on 27.02.2009 approved the revised pay scales for below Board level Executives, non-unionized supervisors and unionized staff along with the fitment method notified vide DPE's OM dated 26.11.2008, that was implemented in the Corporation w.e.f. 01.01.2007. This, ipso facto, implied that all the employees of the Corporation shall be entitled to the superannuation benefits equivalent to 30% of Pay and DA towards Provident Fund, Gratuity, Pension and Superannuation Medical Scheme.
- 1.3 The ibid Government orders also emphasized that the Corporation should make their own superannuation schemes or operate through Insurance Companies on fixed contribution basis.
- 1.4 The corporation is already having Contributory Provident Fund Scheme where in it contributes 12% of Pay and DA. The gratuity scheme is being operated through the Group Gratuity Scheme of LIC and approximate premium for this comes around 5% of Pay plus DA. This leaves about 13% of Pay and DA which can be appropriated towards Medical Scheme as also towards post retirement medical scheme which may be extended to the Superannuated Employees of the Corporation. The Corporation has prepared a pension scheme where 10% of the Pay and DA admissible to the Employees shall be contributed, leaving a balance of 3% which can be appropriated towards the superannuation medical benefits.

2. Need for Medical Scheme for the Superannuated/Retired Employees of the Corporation:

- 2.1 The serving Employees of National Scheduled Castes Finance and Development Corporation are presently entitled to Medical Benefits as per the approved Medical Attendance Rules currently in Vogue. The ibid rules of the corporation provide for both in and out-patient medical facilities to the employees as well as to their families. But these facilities cease to be available once the employee retires and there after the cost of medical facilities is to be met by the employee himself. Needless to say that increasing incidence of chronic ailments and life style diseases require steady flow of funds to meet medical expenses such as diagnostics, medicines, and doctor's fee. The retired Employees who generally do not have any source of income except the saving generated from their investments made during the service usually find it difficult to meet the medical expenses. The position slowly and steadily gets aggravated due to ever increasing inflation which has

dedented the earnings from investment thus making it difficult for the retired employees to meet their both ends meet. Since Corporation as a Model Employer has the obligation to take care of the health of both the working and the retired employees, it is high time that the corporation consider forming a Medical Benefit Scheme for those who shall be retiring hence forth. In view of this as also the considerations mentioned here in before, the Corporation was considering if a new Medical benefits Scheme could be formulated with the approval of competent authority to extend post retirement medical benefits at least to the retired employees and their spouses.

3. DPE's Guidelines on Formation of Post Retirement Medical Scheme:

3.1 Government of India, Ministry of Heavy Industries, Department of Public Enterprises, vide its Letter No.2(70)/08-DPE (WC) dated 26th November, 2008 and of even no dated 2nd April, 2009, has issued guidelines for formulation of Superannuation Schemes by Public Sector Enterprises. These guidelines, inter-alia, stipulate:

- Existing retirement benefits, namely, contributory fund and Gratuity schemes should continue.
- The individual Public enterprises may, workout a suitable Post retirement Medical benefit Schemes for their retiring employees either at their own or through an insurance company subject to the condition that contribution made by the company to this scheme together with its contribution to the Provided Fund, Gratuity and Medical do not exceed 30% of the Pay and DA of an employee.
- The Benefits of the Medical Scheme for the retired Employees shall be confined to the Employees and their Spouses.
- Defined Contributory Medical Scheme should cover only those Employees who superannuates from the corporation and have put in a minimum of 15 years service in the corporation prior to superannuation.
- CPSEs that do not have any superannuation Medical Benefit Scheme may develop such scheme and obtain the approval of their administrative Ministry.
- Since Medical Benefit Scheme would be based on the contribution made by the Corporation from the date the New Pay Commission Recommendation have been made applicable to the Employees of the Corporation, the Medical Benefit Scheme should be made effective on prospective basis.
- The employees, who have already retired from services of the CPSEs prior to the introduction of Medical Scheme, would not be eligible for the benefits of the said scheme.

4. Nature of Medical Benefit Scheme:

The Defined Contributory Medical Scheme shall be financed from contribution equivalent to 3% of Pay and DA made by Corporation to the Superannuated Employees Medical Fund and the returns obtained from the investments thereof.

The scheme would be subject to factor like affordability, capacity to pay and sustainability of the Corporation. Government budgetary support shall not be provided to operate this scheme.

5. Defined Contributory Medical Scheme for Superannuated Employees of NSFDC:

The proposed Defined Contributory Medical Scheme for the superannuated Employees has been framed within the DPE's guidelines in order to provide much needed medical care to the retired employees of the Corporation.

6. Broad Parameters of the Scheme:

6.1 The scheme shall be based on the contributions made by the Company. The Broad Parameters of the scheme are:

- The contribution made by the corporation shall be an equal to 3% of pay and DA of each employee subject to the present ceiling of 30% of pay and DA towards superannuation benefits comprising of Contributory Provided Fund, Gratuity, Pension and Defined Contributory Medical Scheme. The ceiling or the composition of superannuation benefits may be revised by the Corporation from time to time.
- Scheme to be applicable w.e.f. 01.01.2007 i.e. the date from which pay scales of the employees have been revised.
- Scheme to be administered by the same trust which is expected to be formed by the Corporation for operation of the Medical Scheme.
- Trust to manage the Scheme including investment of funds and reimbursement of medical benefits to the retired employees and their spouses.
- The Medical benefit to be available only to those employees who have put in a minimum 15 years of service in the corporation prior to superannuation, including past service rendered with other PSEs provided that the matching contribution is received or fund on account of medical benefit scheme is transferred to present employer's account as in case of provident fund.
- The service rendered in the Government prior to joining the CPSE, would not be counted for the purpose of computation of total service in a CPSE required for availing benefits of this scheme.
- Operating cost of the Scheme to be met by the Corporation.

7. Scheme to be operated Through Creation of Medical Fund:

7.1 The Medical Scheme shall operate through creation of Superannuated Employees Medical Fund. The Corporation shall make monthly contribution equivalent to 3% of Pay and DA. The claims of superannuated employees shall be met from this fund.

8. Growth of Medical Benefit Fund: The Medical Fund shall be managed by a Trust:

8.1 The Medical Fund shall be managed by the same Board of Trustees which is recommended for formation to operate the Medical Scheme. This Board of trustee shall have equal number of representatives of the Employees and those of the Corporation. The trust shall select a Fund Manager; from among the IRDA approved Indian life Insurance Corporation/Companies on the basis of their past track record of investments as also the management fees quoted by these funds. The Fund manager shall with the approval of the Trustees make investment into units linked Funds approved by the Medical Fund Regulatory and Development Authority. The characteristics of such funds are indicated below:

Name of Fund	Mix of Instruments	Nature of Fund	Expected Return
1. Health Return Guarantee Fund Provides Guaranteed returns through Investment in a diversifies Portfolio of high quality fixed Income Instruments.	Debt Instruments, Money Market and Cash	Capital Guaranteed	8%
2. Health Preserver Protection of Capital through Very low Risk Investments.	Debt Instruments, Money Market and Cash	Capital Guaranteed	10%
3. Health Protector Accumulated Steady Income at Lower Risks.	Debt Instruments, Money market & Cash	Capital Guaranteed	11 to 15%
4. Health Balancer Balance of Growth and steady returns from Equity and Debt Portfolio.	Equity Related Securities, Debt Money market & Cash	No Guarantee of Capital May Erode	15 to 20%
5. Health Flexi Balanced Balance of Capital Appreciation and Stable Returns from an equity of (Large, Mid & small cap Companies) and Debt Portfolio.	Equity & related Securities, Debt, Money Market & Cash	No Guarantee of Capital May erode	15 to 20%
6. Health Multiplier Long Term Capital Appreciation from an Equity Portfolio.	Equity Related Securities	No Guarantee of Capital May Erode	20 to 30%
7. Health Flexi Growth Long term Returns From an Equity Portfolio of large, mid and small Companies.	Equity Related Securities	No Guarantee of Capital May Erode	30 to 40%

8.2 The Capital guarantee is given incase the investment is confined to Cash, Debt and Money Market Funds. The switchover among the Funds is permitted without

exposing the Funds to equity risk, the fund can easily afford to give an average return of 10% and on this assumption, the contribution made by the corporation shall grow at least between 10-15% per annum thus building up medical benefits Fund slowly and steadily.

- 8.3 It may however be mentioned that Fund Manager as per existing regulations cannot guarantee a specific growth and as such the returns that the Medical Fund may be higher or lower than these. In a nutshell, the growth is to some extent, to be traded off between the risks attached to the investments in equity vs. the safety provided by investment in debt and money market instruments. But, the fact remains that investments made in equity for a period of 10 years or more have given positive returns. As such the Trustees if they so desire can in consultation with the Fund Manager follow a different strategy of investments in cases depending upon the number of years of service left till the superannuation age.

9. How the benefit shall be claimed:

- 9.1 The retired Employees and their Spouses shall be governed by the existing Medical Rules of the Corporation as per their entitlement determined on the basis of Pay The claims of the Employee and his spouse shall be checked as per Medical Rules of the Corporation and Payment thereof Authorized. The cheque for disbursement shall be issued by trustees, who shall ensure that a reasonable balance is kept in the account to honor these disbursements.

10. “NSFDC” Defined Contributory Medical Scheme for Retired Employees:

This scheme shall come in to force from the date these medical rules are made applicable:

- 10.1 This scheme shall be applicable to all the eligible employees of the corporation who superannuates from service after these medical attendance Rules come in to force and who opt for the Scheme and fulfill the eligibility criteria as Specified in these rules.
- 10.2 The scheme will provide medical benefits to all the superannuated employees of the corporation who have rendered a minimum 15 years continuous service in the corporation before superannuation and shall also cover their spouses.
- 10.3 (a) An employee should have put in a minimum of 15 years’ service rendered in continuity in CPSE(s) at the time of superannuation, and benefits would be allowed by a CPSE from where the incumbent has superannuated. Further, the service rendered in the Government prior to joining CPSE would not count for the purpose of computation of total service in a CPSE required for availing the benefits of this scheme. As regards Board level executives, who are contractual appointees, they too can enjoy the benefits under the scheme provided their total period of service rendered in continuity in CPSE(s) including the period at Board level in a CPSE is not less than 15 years, at the time of superannuation. Benefits of the scheme should not be extended to employees posted on deputation to CPSE from Central/State Government.

- (b) In the event of any employee resigning from the services of CPSE and joining another CPSE having broadly similar schemes, the entire amount of employer's contribution at the contributory rate i.e. 3% Basic Pay plus Dearness Allowance of last pay drawn for the period of service being transferred for the purpose of this scheme, shall be transferable. However, employees who resign from CPSE to join another CPSE, not having similar schemes, or any organization not being a CPSE (irrespective of whether such scheme exists in that organization), shall be allowed benefit under the scheme only if he/she has rendered 15 years qualifying service in NSFDC.
- (c) Cases of Voluntary Retirement Scheme (VRS)/Voluntary Separation Scheme (VSS) for which specific scheme have been framed would be examined in terms of such specific schemes of VRS/VSS of the Government applicable in respect of employees of NSFDC. Benefits under these schemes would not accrue to VRS/VSS optees automatically.
- (d) The admissibility of benefits under this scheme to the employees against whom disciplinary proceedings are pending at the time of superannuation is to be regulated as per the Conduct, Discipline & Appeal Rules of the NSFDC.

10.4 The Scheme shall not apply to the following:

- i) Adhoc Employees
- ii) Deputationists/Lien Holders
- iii) Casual employees including daily rated
- iv) Contract Employees
- v) Trainees
- vi) Apprentices recruited under the Apprentices Act.

10.5 The benefits under this scheme shall not be admissible as long as

- a) The retired Employee is re employed on full time basis elsewhere
- b) He is availing medical facilities as a consequence of employment of his/her spouse
- c) Employee or his spouse receives medical facilities from any organization as dependent of their wards
- d) The retired Employee has not cleared all his/her outstanding dues of the corporation at the time of his retirement or subsequently.

10.6 All eligible employees who intend to avail of medical facilities under this Scheme shall apply in the prescribed form for registration in the prescribed Form. The applications duly completed in all respect along with two spare Photographs of self and spouse (Excluding the One to be pasted on the Application form) along with two specimen signatures shall be sent to the Personnel department of the corporation along with the draft for the Contribution drawn in favor of Trustees NSFDC Retired Employees Medical Benefits Scheme (Medical Scheme).

10.7 In case the retired employee is considered eligible to become member of the Scheme he shall be given a medical card in the prescribed form containing Photographs of the retired employee as also his/her spouse for availing of Medical benefits.

10.8 All eligible employees who intend to avail of medical facilities under the scheme shall pay one time membership fee as follows:

- a) Employees in executive grades on date of retirement Rs.5000/-
- b) Employees in Supervisory grades on date of retirement Rs.5000/-
- c) Employees in Non-Supervisory grades on the date of retirement Rs.5000/-

10.9 The contribution shall not be refundable even if benefits under the scheme are not availed by the beneficiary or in the event of the death of the beneficiary.

10.10 The retired employee and his/her spouse shall be entitled for indoor and out Door treatment as per the entitlement of the retired employee on the date of Retirement and subject to such conditions, limits, restrictions and ceilings Applicable to the corporation employees under the NSFDC Medical Attendance rules or fixed for the purpose as given at para-14.8. Pay for the purpose of entitlement shall mean the pay which the retired employee was drawing on the date he superannuated.

10.11 The reimbursement under the scheme shall be subject to such ceiling and conditions as laid down in the NSFDC Medical Attendance Rules. However where such expenses are subject to an annual ceiling, the maximum ceiling for the retired employee who is enrolled for the Benefits under the scheme for the first year after their retirement will however be proportionate to the number of months for which the benefits will be availed of after registration up to 31st March of that financial year.

10.12 Where a retired employee does not become member of the scheme within three months of his/her becoming eligible under the scheme, he/she shall not be allowed to become member of the scheme.

10.13 The medical card issued to the retired employee after he registers himself in the scheme will become invalid from the date he/she ceases to fulfill the eligibility criteria or there is any misuse of these facilities and in that case the contribution shall not be refunded.

11 Mode of Reimbursement:

11.1 Admissible Expenses incurred by the beneficiary on medical attendance and treatment, Purchase of medicines from open market and payment for diagnostic tests including fees paid to the AMA and Specialists will be reimbursed to him/her as prescribed and in terms of NSFDC Medical Attendance Rules as amended from time to time. For this purpose the beneficiary shall submit his/her claim in the prescribed form as the case be to the Trustees, NSFDC Retired Employees Medical Benefit Fund. The claims for out-door treatment may be sent once in a month and payment for the admissible amounts shall be made by the trustees through account payee cheque.

11.2 Claim for reimbursement of indoor treatment shall be submitted to the Trustees of the fund after discharge from the hospital and its payment will be made to the member of the scheme through account payee cheque. The claim must be submitted within three months after the completion of treatment.

- 11.3 Claims for reimbursement should be submitted along with prescription from the doctor, bills of hospitals, receipts for consultation and injection fees, cash memos for the purchase of medicines, clinical laboratories for pathological Tests- ray etc.
- 11.4 The cash receipt from clinical laboratory should contain details of the test conducted.
- 11.5 The prescription of the doctor should contain the dates of consultation, the names of the medicines, dosages and the number of days for which the medicine has been prescribed.
- 11.6 The retired employee should sign on the back of cash memos, cash receipts.
- 11.7 All the enclosures should be serialized date wise.
- 11.8 The Corporation shall not be liable to reimburse any expenses whatsoever incurred by the retired employee either for himself or for his/her spouse if such expenses are in connection with or in respect of:
- i) Venereal Diseases, Psychiatric Treatment, Intentional self injury Intemperance or the use of intoxicant drugs or liquor or any injury, disease, or illness directly or indirectly attributable to one or more of these causes.
 - ii) Charges incurred for diagnostic or X-Ray or laboratory examination or other diagnostic tests not consistent with and incidental to the diagnosis and treatment of any ailment, sickness or injury and not prescribed by the authorized medical attendant.
 - iii) Treatments of co-defects/diseases, if these are curable.
 - iv) Treatment pertaining to menopause.
 - v) Expenditure on special nursing.
 - vi) Expenditure on Cosmetic Surgery.

Ceiling on reimbursement of medical expenses both on account of inpatient and outpatient treatment including Lab Test charges shall be as follows.

	<u>Out Patient</u>	<u>Hospitalization</u>
1. Board level	Rs.35,000/-	Rs.2,50,000/- (p.a.)
2. Executives	Rs.30,000/-	Rs.2,00,000/- (p.a.)
3. Non Unionized Supervisors	Rs.25,000/-	Rs.1,75,000/- (p.a.)
4. Non Executives	Rs.20,000/-	Rs.1,50,000/- (p.a.)

Besides, the superannuating employees of the Corporation shall be eligible for one time lump-sum amount equivalent to one month basic pay last drawn, shall be paid from the corpus created to meet the medical and other emergency needs of the retired employees of NSFDC.

- 12 The Corporation has the right to withdraw/reduce the facilities available under this scheme without any notice from those beneficiary/Beneficiaries where it is satisfied that it is being misused. The decision of the Competent Authority shall be final in this regard and the same will not be contested.

12.1 The Corporation reserves the right to amend or with draw any or all the facilities Admissibile under the scheme at its sole discretion any time without notice.

13 General Provisions:

13.1 Management reserves the right to amend, alter or modify these rules from time to time.

13.2 Chairman-cum-Managing Director alone has the power to allow reimbursement in relaxation of these rules depending on the merit of the case.

13.3 Employees held guilty for submission wrong information or false or dubious Claims in respect of themselves and their spouses shall be liable for liable to be debarred from availing this facility for such period or periods as Chairman-cum-Managing Director may deem fit.

13.4 In the event of any dispute as regards interpretation and applicability of these Rules to the employees/Retired Employees of the corporation as also their families, the decision of the Chairman-cum-Managing Director shall be final and binding.

13.5 As and when a tailor made Medical Claim Policy is available for superannuated employees, the Management may subscribe to such policy, which is providing additional financial benefit/coverage better than the prevailing scheme.

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