

( We reproduce a Letter addressed to the Chairman by our Federation for information of members)

## **Federation of State Bank of India Pensioners' Associations**

Ref. No. P-72 of 2007-08

Date : 19th March 2008

The Chairman,  
State Bank of India,  
Corporate Centre,  
Mumbai.

Dear Sir,

### **MEDICAL BENEFITS TO RETIREES**

The Bank has been taking several initiatives to look after the welfare of the retirees at the fag end of their lives. The employee of the Bank after having put in life long dedicated service in the organization, when they retire, would like to have happy and peaceful retired life. The Bank is therefore not only taking care of their well being but also has come out with several initiatives to ensure that they also lead a healthy life.

2. One of the major problems that the retirees encounter after their retirement from the Bank is the medical expenditure that they may have to incur due to ill health. In order to overcome this the Bank has come out with medical scheme. At present, we have 4 medical schemes in operation for the benefit of the retirees.

- 1) SBI Employees' Mutual Welfare Scheme. This was formed by both the Working Staff Federations & Managed by them, but the Administration was looked after by the Bank.
- 2) Retired Employees' Medical Benefit Scheme I. Since closed on 30-06-2003
- 3) Retired Employees' Medical Benefit Scheme II w.e.f. 1-7-2003 (existing Scheme)
- 4) Retired Employees' Medical Benefit Scheme III: (modified for officers of scale VI and above from 1-1-2007)

3. The 4<sup>th</sup> one has been introduced in the recent past. The Pensioners' Federation has been demanding for a comprehensive outlook on the problems and to look into a large number of issues that have been raised by them from time to time. We would like to make a detailed presentation on the various schemes, their objectives and the need for review of the same.

### **SBI Employees' Mutual Welfare Scheme**

4. This was the first scheme conceived by both the Working Staff Federations in the interest of the retirees in the Bank. The Scheme not only provided the medical benefit to pensioners but even monthly financial help to family pensioners as well, when the family pension scheme was not introduced in State Bank of India. We are proud of this scheme for the reason that the scheme was brought into existence purely on the basis of the contribution made by the employees who have joined the scheme. The Scheme was highly appreciated by the employees of other banks since there were no such schemes anywhere in the industry. The management took the responsibility of the administration of the fund. The benefits were decided on the basis of the notional income that the fund may have out of the subscriptions received from the members. The scheme has very limited scope since the income on the funds were based on the investments made in the scheduled securities – mainly tax-free bonds and debentures.

5. The scheme provided for both, the reimbursement of the expenditure on account of hospitalization and also domiciliary treatment. The scheme was insufficient in view of the

increasing cost of medical treatment and also the growing expenditure under the fund. As such the expectation that the scheme would be providing improvement in the benefits did not take place. The ceilings became grossly inadequate as the scheme was patronized only by employees and no contribution from the Bank was envisaged.

**Retired Employees’ Medical Benefit Scheme I.**

6. The first comprehensive Medical Scheme was effective from 1-7-1996 and was conceived by the Bank and the Federation of SBI Pensioners’ Associations. It was “Retired Employees’ Medical Benefit Scheme.” As per the Scheme No.1 the retirees who are interested to join the scheme should pay one month’s gross pension prior to completion of three months from the date of receipt of the first pension. The Bank took care of the administration of the scheme. The Scheme was contributory and the Bank had agreed to contribute to the corpus from the profits of the Bank from time to time as a welfare measure towards the retirees. The Scheme provided for hospitalization in respect of 6 diseases initially & subsequently increased to 16 ailments at the request of our Federation. The scheme prescribed a ceiling of Rs.2 lacs together for retirees and their spouses.

7. The Scheme was in operation from July 1996 to June 2003. During this time the Bank did not make any improvements in the scheme by way of the enhancement of the cap on the expenditure. The scheme also prescribed several restrictions in regard to the admission. It was a one time decision. However, at the request of the Federation of SBI Pensioners’ Associations the Scheme was opened for Membership for 5 times.

**Retired Employees’ Medical Benefit Scheme II**

8. The Bank took a unilateral decision to close the new membership for the Scheme I w.e.f. 30-06-2003 and came out with the Scheme II w.e.f. 1-7-2003. The subscription prescribed for enrolment in the scheme was exorbitant. There was no rationale for fixing the different subscription rate except the argument of viability of the scheme. The rates were as under:-

<u>Rate of Subscription</u>	<u>Medical Reimbursement Ceiling</u>
a) 2 months Gross Pension	Rs. 2,00,000/-
b) Rs. 37,000/-	Rs. 3,00,000/-
c) Rs. 43,500/-	Rs. 4,00,000/-
d) Rs. 49,500/-	Rs. 5,00,000/-

9. The subscription rates were very high. However, in order to have the comfort of having medical benefit in case of exigencies, the retirees joined the scheme by paying the subscription according to their ability to pay and expected expenditure.

(Position as on December 2006)

**Information from Bhubaneswar, Bangalore, Kerala, Mumbai & Delhi Circles.**

	<u>PARTICULARS</u>	<u>SCHEME NO. I</u>	<u>SCHEME NO. II</u>
i)	No. of pensioners who joined the scheme	9818	1261
ii)	No. of pensioners who have FULLY utilized the amount	289 2.94%	39 3.09%
iii)	No. of pensioners who have PARTLY utilized the amount	3193 32.52%	360 28.55%
iv)	No. of pensioners who have NOT utilized the amount	6336 64.54%	862 68.36%

10. The list of ailments and also other terms and conditions remained unchanged. The Federation again made several representations suggesting the various improvements in the benefit of the scheme, vide letter dated 2-10-2006.

The Federation made following suggestions:-

- 1) Increase in number of diseases
- 2) Subscription should be linked to the Gross Pension of the Pensioner
- 3) 20% of the plan amount should be reserved for domiciliary treatment

We had series of discussions with the concerned officials in Corporate Centre in regard to suggestions made by us but the Bank has not yet taken any decision.

**S.B.I. Retired Employees' Medical Benefit Scheme III**  
**(Modification in the Scheme)**

11. We are happy to note that the Bank has taken cognizance of the increasing cost of the medical expenditure and came out with yet another comprehensive scheme and extended improved medical benefits at a lower rate of subscription. While circulating the Scheme, the Bank management has recognized the job hazards of the senior executives that they are the ones who are taking grater risks, subjected to transfer all over the country, bear the brunt of all types of pressures, and consequently undergo severe stress and strains. The stress related health problems in this category of officers have also gone up considerably in the recent past. According to the scheme, the members are eligible for the following benefits:-

<u>Positions held</u> <u>Prior to Retirement</u>	<u>Contribution</u>	<u>Maximum</u> <u>Medical Benefit</u>	<u>Domiciliary</u> <u>Treatment</u>
Dy. Managing Director	Rs.1,00,000	Rs. 20,00,000	Rs. 20,000 p.a. (Cap 10%)
Chief General Manager	Rs. 90,000	Rs. 15,00,000	Rs. 15,000 p.a. (Cap. 10%)
General Manager and Dy. General Manager	Rs. 75,000	Rs. 10,00,000	Rs.10,000 p.a. (Cap 10%)

12. We are happy that the Bank has realized the need for introduction of domiciliary treatment and accordingly provided in the scheme that an amount equal to 10% of the cover available can be utilized by them towards the domiciliary treatment during the lifetime. This will be a great relief to officers who are required to meet a medical expenditure from their pension. We feel this is a result of our recommendations vide our letter NO. P61 of 2006-07 dated 2-10-2006. The rate of contribution per Rs. 1.00 lac is different depending upon the position held prior to retirement.

<u>Position held</u> <u>Prior to Retirement</u>	<u>Maximum</u> <u>Medical Benefit</u>	<u>Contribution</u>	<u>Rate per</u> <u>Rs.1.00 lac</u>
Dy. Managing Director	Rs. 20.00 lacs	Rs.1,00,000/-	Rs. 5,000/-
Chief General Manager	Rs. 15.00 lacs	Rs. 90,000/-	Rs. 6,000/-
General Manager & Dy. General Manager	Rs. 10.00 lacs	Rs. 75,000/-	Rs. 7,500/-

While we reserve our right of demanding Pension based (Gross Pension) contribution from Pensioners like Scheme No. I, in the meantime we request you to reduce the contribution @ Rs.5,000/- per lac even to Members of Scheme No. II.

13. Two more ailments have been added to the list of ailments. However still there are more diseases which have been recommended by the Federation.

1. Cardiac ailment : Stress Test and Angiography may also be covered.
2. Cancer: Blood Transfusion charges may be reimbursed.
3. Kidney failure/transplant: All diseases related to Kidney and requiring hospitalization (i.e. Kidney Stone, etc.) may be covered under this category.
4. Paralysis: Preventative measures may be covered (Fourth rib treatment).
5. Retinal Detachment or Cornea replacement: All related test done in Hospital or Laboratories may be reimbursed.
6. Major Accident: The word 'Major' should be deleted. After an accident, even a fall in the house/bath room a person is required to take treatment in the hospital. Hence it is difficult to assess the physical loss, to the Member/Spouse.
7. Cataract & Glaucoma: If the related tests are required to be taken in hospital, the charges may be reimbursed.
8. Tuberculosis: All related diseases such as pleurisy.
9. Diabetes: Related diseases like Hypertension etc where hospitalization is required. The patients of diabetes are affected by damages to various parts of bodies and the physicians are unable to identify whether such consequential ailments can be treated under the category of diabetics.
10. Removal of stone in gall Bladder: This may be clubbed with Kidney.

14. The Scheme No. III is effective retrospectively from 1.1.2007 i.e. applicable to only those Executives who retired after 31-12-2006. The situation in which earlier Executives worked is not different. Besides they were receiving comparatively less gross salary. However, they have to undergo treatment as per present cost of living. In view of this, earlier retirees of the same category may be permitted to join the new Scheme No. III.

15. The Federation would like to place some of its views on the medical benefits that are available and the improvements sought for :-

16. The provision of Medical Benefit to the employees who retire from the Bank is a welfare scheme and should be extended liberally by the Bank to all Pensioners. The benefit may be extended as and when they complete their age of 60 yrs. irrespective of their date of retirement.

17. The scheme is described as modification. If it is a modified version it has to be applicable to all Pensioners of the Bank. The difficulties enumerated for justification of the scheme are equally applicable to each and every employee of the Bank. The degree may differ but the impact on the general health of the employee concerned is the same. The modification of the scheme has restricted the entry only to the scale VI and above officers of the Bank. A cut of date has also been fixed arbitrarily. The subscription is decided on the basis of the viability of the scheme floated. When the earlier scheme is open to such a large number of Pensioners they were made to pay Rs.49,500/- to get a cover of Rs.5/- lac. The present modification suggests a contribution of Rs.1,00,000/- with a proviso to utilize maximum Rs.2.00 lacs towards domiciliary treatment. The arithmetic do not match. The modification cannot be restricted only to retired senior executives. It should be extended to all members as well; kindly consider our request.

18. The Bank should come out with a clarification permitting the membership for change from one scheme to another scheme by paying the difference in the subscription. When the Scheme II was introduced majority of the members could not switch over to this scheme from Scheme-I due to the reason that they were not aware of the Scheme II and the contribution was very high i.e. Rs. 10,000/- per lac.

19. The Bank should also permit all those employees whose membership has been rejected on the grounds of VRS and who retired voluntarily at their own.

Membership to the spouse may be permitted in case of an employee's death while in service.

In case of death of Pensioner/Spouse, the expenditure incurred on them for medical treatment may be reimbursed to their legal heirs, of course if balance is available.

**Consolidation of the Scheme:**

It is suggested that in order to make the Scheme viable the Bank should make a fixed contribution out of future profits as was being done in the past. These being the only welfare measures for the benefit of retirees.

20. As mentioned above, there are 4 schemes in operation in the Bank. All these schemes have contradiction in regard to several provisions thereby creating a lot of heartburn amongst the pensioners in the Bank. All the Pensioners should be treated at par. They have given their best to the Bank. It is our humble suggestion to the Bank to come out with one comprehensive scheme rather than having so many schemes creating problems to the pensioners while availing the benefits of the scheme.

Please treat the matter as urgent.

Yours faithfully,  
B.G. DANDEKAR  
President