

**General Circular pursuant to the Health Insurance Law (No 11 of 2013) of the Emirate of Dubai  
General Circular Number 2 of 2014 (GC 02/2014)**

Subject of this General Circular	Compliance regarding self-funded schemes, compliance with minimum benefits levels and access to Lower Salary Band (LSB) employees
Applicability of this General Circular	This Circular applies to all parties involved in the sale, distribution, marketing and administration of health insurance plans in the Emirate of Dubai, specifically, insurance companies, health insurance claims management companies and health insurance intermediaries
Purpose of this General Circular	To reiterate that no new self-funded schemes are allowed, that existing schemes must switch to fully insured by defined deadlines, to confirm when schemes must comply with minimum benefits standards and that sales in respect of LSB workers can only be made by a Participating Insurer (PI)
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Publication date	4 September 2014
This document replaces	Not applicable
This document has been replaced by	Not applicable
Effective date of this General Circular	Immediately upon publication
Grace period for compliance	None

**Objectives of this General Circular**

1. To reiterate that no new schemes may be established on a self-funded (i.e. non-insured) basis;
2. To repeat the deadlines applying to existing self-funded schemes;
3. To restate the rules regarding sales in respect of Lower Salary Band (LSB) workers;
4. To clarify the position in relation to schemes meeting minimum benefit levels;
5. To make clear DHA's view on any marketing activities that are not in accordance with the Law or its spirit.

**Definitions for self-funded arrangements**

The following are the types of self-funded scheme referred to in this Circular:

- Self-funded, self-administered schemes (SSA);
- Self-funded, insurer administered schemes (SIA) (also known as administration services only schemes (ASO));
- Self-funded, TPA administered schemes (STA);
- Self-funded, provider administered schemes (SPA)

**The decision to stop new self-funded schemes and its communication**

The two pillars of DHA strategy are that the population must have access to and quality of care. Self-funded schemes can leave the employee vulnerable to receiving a limited range of benefits and restricted access as well as creating a conflict of interest between the employer and employee. In addition, such schemes generally provide no financial guarantees, leave

the employer in a position to reduce or restrict benefits in times of financial hardship and also expose the employer itself to the risk of catastrophic claims. Accordingly, the Law requires that all schemes be fully insured.

The decision that no new self-funded schemes must be established was communicated to the market at the Payer Briefing in December 2013 and formally documented in answers to questions 35, 58 and 64 in the document “Basic Benefits Package and mandatory health insurance Q&As v5.3 090114 Anon” issued in January 2014 (and its revision dated 020914).

### The requirement for NEW schemes to meet minimum benefit levels

Based upon the size of employer, there are deadlines by which an employer who **does not currently** provide medical benefits must establish a fully insured scheme that meets or exceeds the benefit levels as detailed in the Table of Benefits for the Essential Benefits Plan. These deadlines were announced at the Payer Briefing in December 2013.

In addition, ALL new schemes established from 1 January 2015 must comply with the EBP benefits standards even if established before the deadlines that apply to that employer.

### Accessibility to the LSB market

As stated on many occasions and as formally documented in answer to question 73 in the document “Basic Benefits Package and mandatory health insurance Q&As v5.3 090114 Anon” issued in January 2014 (and its revision dated 020914) and in Section 3.2 of the Employer Information Pack which was circulated to all insurers and TPAs in April 2014 only PIs can insure LSB workers. This became effective as soon as the names of the qualifying PIs were confirmed at the beginning of April.

Therefore under no circumstances must a non-PI suggest or give the impression that it can provide cover of whatever nature for LSB employees.

### Why are we issuing this circular?

1. Regarding self-funded schemes, our market intelligence indicates that a small number of market participants including TPAs and Intermediaries are still promoting the establishment of such schemes.
2. Furthermore, we understand that a number of TPAs are suggesting that bringing forward the contract renewal date of a self-funded scheme to just before the relevant deadline will allow the employer almost another 12 months before having to become fully insured.
3. We also believe that a number of Intermediaries are suggesting to employers who currently do not have a scheme in place that establishing a scheme before the relevant deadline that does not meet the minimum benefit levels will give them up to 12 months to avoid having to pay for a compliant scheme.
4. We are also aware that at least one non-PI has suggested to an employer that it can insure LSB workers prior to the first deadline of 31 October 2014.

### DHA's stance and remedies

In relation to 1 above, this is clearly a breach of earlier instructions issued. If we find that any new schemes have been established we will take action against the individual and/or company that advised upon or assisted in establishing the scheme and will consider immediate remediation, including directing that the employer should substitute the scheme for a fully insured plan.

In relation to 2, whilst not strictly illegal it is clearly an attempt to circumvent the law and will be treated as such. We will therefore take similar action as outlined in the above paragraph, including ignoring the brought forward renewal date and recognizing only the original renewal date. For a self-funded scheme the renewal date will be the date of the contract renewal where administered by a third party or the scheme or company accounting date if a self-administered scheme. You

should also note that compliance for existing schemes must take place at the first renewal date after the relevant deadline and no later than 12 months after that deadline.

In relation to 3, again, whilst not illegal it is against the spirit of the law and clearly an attempt to save money for the employer by providing inadequate benefits to the detriment of the employees. DHA will monitor such schemes closely and if indeed it is felt that employees are being deprived of adequate cover we will instruct the employer to comply immediately with the minimum benefit levels regardless of the actual deadline.

In relation to 4, this is a clear breach of the Law and will not be tolerated. Action will be taken against any company and/or its advisers found to be involved.

#### **Implications for Permits and future PI applications**

In all cases, the professionalism of the individual advisers involved will be called into question as will that of any company involved and such behaviour will be taken into account when reassessing the individual's application for Permitted Health Insurance Representative (PHIR) status or the company's Health Insurance Permit (HIP) or Health Insurance Intermediary Permit (HIIP).

Such behavior on the part of an insurance company or its employees will also adversely affect any application for PI status.