HEALTH SYSTEM FINANCING & ITS EVOLUTION
ROLE OF SUPPLEMENTARY INSURANCES (RC)

IHF Hospital & Health- Executive Study Tour – September 2019
In the 19th century, social protection was mainly delivered by organizations within the mutual benefit movement.

By 1900, 13,000 mutual benefit organizations covered 2.2 million citizens.

After WWI, the German Social security programs were implemented in Alsace-Lorraine and this accelerated their adoption in France.
In 1930, a mandatory insurance scheme was introduced protecting employees in commerce and industry against the financial consequences of sickness, maternity, disability, old age and death.

The scheme was managed by mutual benefit societies or public bodies and funded by the employers and the employees.

By the 40s, the mutual benefit societies had nearly 10 million members.
The present system of social security was established in 1945;

This reform was inspired by the « Beveridge report » with an universal coverage but managed following the Bismark principles of social insurance;

The mutual benefit societies remained as complementary health insurance.
SECURITY SOCIAL MODELS IN EUROPE

BISMARCK model

*Private Health Insurance*

*Principle*: maintain incomes

*Beneficiary*: social insurance

*Funding*: social contributions (linked to work)

*Management system*: by funds

*Example*: Germany

BEVERIDGE model

*Public Health System*

*Principle*: fight against poverty

*Beneficiary*: citizen

*Funding*: tax

*Management system*: by State

*Example*: Great Britain
FRENCH SYSTEM: A MIX BETWEEN BISMARCK AND BEVERIDGE

<table>
<thead>
<tr>
<th>Risks</th>
<th>Nature</th>
<th>Financing</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Contributory</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pension, Unemployment, Sick leave, Accident at work</td>
<td>Contributory Social Insurances</td>
<td>Contributions and taxes</td>
</tr>
<tr>
<td><strong>Non contributory</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health, Family</td>
<td>Non contributory social protection</td>
<td>Contributions and taxes</td>
</tr>
<tr>
<td>Housing, Poverty</td>
<td>Assistance: eligibility requirements based on resources</td>
<td>Contributions and taxes</td>
</tr>
</tbody>
</table>
STRUCTURE OF THE FRENCH HEALTHCARE SYSTEM

- Freedom of choice as principle: every person in France is free to choose his referring physician or a specialist in direct or indirect access, his health establishment, accommodation structure, both in the public and private sector;

- Health system in France is widely driven by public policies- in particular the ministry responsible for Health and social affairs and Health Insurance;

- The State ensures an equitable distribution of sanitary, healthcare and ambulatory establishments and services on the territory
STRUCTURE OF THE FRENCH HEALTHCARE SYSTEM
5.3. Health expenditure as a share of GDP, 2017 (or nearest year)

5.1. Health expenditure per capita, 2017 (or nearest year)
HEALTH EXPENDITURE

- Hospital care
- Ambulatory care
- Drugs
- Other medical goods
- Transportation

Source: DREES, comptes de la santé.
HEALTH EXPENDITURE BY TYPE OF FINANCING

Source: DREES Comptes nationaux de la santé 2017 – Septembre 2018
Reimbursement by Mandatory Health Insurance

- 70% for medical care;
- Between 65% and 15% for drugs;
- 100% for:
  - Surgery;
  - Hospital stay > 30 days;
  - Long-term illnesses.
Long-term illnesses covered by Security social: Number of patients

- 2010: 9 patients (Soit 15,1 % de la population)
- 2017: 10,7 patients (Soit 17 % de la population)
HEALTH EXPENDITURE BY TYPE OF FINANCING
HEALTH EXPENDITURE BY TYPE OF FINANCING

- 77.8%: Sécurité sociale
- 7.5%: Institutions de Prévoyance
- 6.7%: Mutuelles
- 3.9%: Assurances
- 2.6%: Etat
- 1.5%: Ménages

13.2%: Households

Social Security
State
Mutuals
For profit insurance
Paritarian institutions
Households
HEALTH EXPENDITURE BY FUNCTION

Graphique 1: Structure de financement de la CSBM par la Sécurité sociale en 2017 (155,1 milliards d’euros)

- Social Security
- Complementary ins.

- Hospital care
- Ambulatory care
- Transportation
- Drugs
- Other medical goods

Structure de financement de la CSBM par les mutuelles

- Soins hospitaliers
- Soins de ville
- Transports sanitaires
- Médicaments
- Autres biens médicaux (y compris optique)

- 54.9%
- 22.4%
- 15.3%
- 4.5%
- 3.0%

- 42%
- 20%
- 17%
- 1%
- 20%
HEALTH EXPENDITURE BY FUNCTIONS

Graph 9: Structure of financing of major posts of the CSBM in 2017

- **Soins hospitaliers**: Hospital care
- **Soins de ville**: Ambulatory care
- **Médicaments**: Drugs
- **Autres biens médicaux**: Other medical goods
- **Transports sanitaires**: Transportation

**En %**

- **Ménages**: Households
- **Organismes complémentaires**: Complementary insurance
- **État et CMU-C**: State
- **Sécurité sociale**: Social Security
COVERAGE FOR HEALTHCARE

Widespread health insurance in France

- Mandatory health insurance
- Complementary health insurance

1960: 31%
1970: 49%
1991: 83%
2000: 100%
2010: 100%
OUT-OF-POCKET SPENDING

Out-of-pocket medical spending as a share of final household consumption, 2015 (or nearest year)
OUT-OF-POCKET SPENDING

Graphique 7: Niveau de reste à charge des ménages selon la dépense

Graphique 8: Reste à charge des ménages en proportion de leur revenu disponible brut

Source: DREES, comptes de la santé.
THE FRENCH HEALTHCARE SYSTEM: RESULTS AND ACCESSIBILITY
### The French Healthcare System: Results and Accessibility

#### Unmet Healthcare Needs?

<table>
<thead>
<tr>
<th>Reason</th>
<th>2017 %</th>
<th>2016 %</th>
</tr>
</thead>
<tbody>
<tr>
<td>De leur coût trop élevé</td>
<td>48%</td>
<td>43%</td>
</tr>
<tr>
<td>Des difficultés que vous avez rencontrées pour obtenir un rendez-vous dans des délais qui vous convenaient</td>
<td>45%</td>
<td>42%</td>
</tr>
<tr>
<td>Parce que vous ne saviez pas où vous adresser/ où vous orienter</td>
<td>26%</td>
<td>23%</td>
</tr>
<tr>
<td>De la distance géographique</td>
<td>25%</td>
<td>20%</td>
</tr>
<tr>
<td>Parce qu'on ne vous a pas recommandé un bon spécialiste/un bon établissement des soins</td>
<td>25%</td>
<td>20%</td>
</tr>
<tr>
<td>Parce que vous n'avez pas confiance dans le système de santé (vaccination, essai thérapeutique, sécurité du médicament)</td>
<td>19%</td>
<td>21%</td>
</tr>
</tbody>
</table>
THE LEGAL FRAMEWORK - ASSISTANCE

Universal Health Coverage – complementary health insurance (CMU-C) and Health Insurance Vouchers Scheme (ACS):

▪ Free of charges under a certain income threshold (721€ per month for single persons);
▪ With the insurer’s contribution: +35% threshold (981€);
▪ Complementary health insurance (CMU-C) and Health Insurance Vouchers Scheme (ACS) are managed by mandatory health insurance or by a complementary health insurance.
THE LEGAL FRAMEWORK - ASSISTANCE

Bénéficiaires potentiels
********** Droits ouverts
Bénéficiaires

Potential beneficiaries

Actual beneficiaries

CMU-C 4,9M
ACS 1M
ANI 0,7M
11,4M de bénéficiaires potentiels

7M
4,4M
THE LEGAL FRAMEWORK

- Self-employed workers:
  - The contribution to compulsory health insurance subscription for the worker and his family is exonerated from taxable income.

- Complementary health insurance for civil servants:
  - Since 2007, public employers can participate to the complementary social protection of civil servants (active and retired);
  - Mutuals can be selected through calls for tender;
  - On average the State’s participation amounts to 3% of contributions.
**THE LEGAL FRAMEWORK**

**100% Medical act**

**Hospital care: Daily fee**

**Dépassement d’honoraires et soins médicaux**
- 100% du ticket modérateur
- Médecin adhérent au cas (1)

**Extra fee on medical care:**
- 100%

**Glasses:**
- 1/Two years
- Frame: 150€
- Glasses: 100/850€
Employer-provided contracts with mandatory subscription:
- Minimum 50% coverage by the employer;
- Fiscal advantage: social tax exemption for the employer, exoneration from taxable income for the employee.
- Definition of a « framework contract » and « recommandation clause » for professional branches. The employer can choose the insurance but has the obligation to offer a contract including at least the same level of coverage to the employees.
Over the last few years, the number of instruments providing financial assistance for complementary health insurance has been growing. There are now 9 different rules for different types of population. That increases market fragmentation to the detriment of solidarity-based mechanisms.

The most important law sets specific rules for « responsible » complementary health insurance’s subscriptions. Only contracts respecting these rules can benefit tax subsidy.

In the same time the law encourages competition.
A DOUBLE ROLE FOR COMPLEMENTARY INSURANCE

Complementary insurance:

- Cover people after Security social

But also contributes to

- Security social budget (2,4 billion€)
- and assistance / CMUCC (2,6 billion€)
Graphique 2 \(\text{Parts de marché par type d’organismes entre 2008 et 2017} \)

En \(\%\) des prestations versées

- **Assurances (éch. de gauche)**
- **Institutions de prévoyance (éch. de gauche)**
- **Mutuelles (éch. de droite)**

**For profit insurances**

**Paritarian institutions**

**Mutuals**
Out of pocket medical spending: averages versus extremes

- Non regulated expenses
- Non covered citizens
- Mutualization in question
## LA MUTUALITÉ FRANÇAISE: THE 1ST NON-PROFIT HEALTH AND SOCIAL NETWORK

### Social and Medico-Social Activities
- **519**: Medical and social establishments and services (nursing homes, home care services, etc.)
- **215**: Establishments and services for early childhood care
- **41**: Social initiatives (housing for young people, intermediate housing for the elderly or the disabled)

### Healthcare and Out-Patient Activities
- **756**: Opticians
- **477**: Dental centres
- **368**: Hearing centres
- **87**: Hospitals
- **55**: Medical and multi-purpose centres
- **52**: Pharmacies
- **28**: Nursing care centres