



Unit 2: Can we think of health as capital ?



4. Health insurance in France

- I am Pierre-Yves Geoffard. I am a researcher at the Paris School of Economics. For many years, the focus of my work has been health care systems and health insurance. So, health insurance in France. In France, health care is financed through two insurance systems. We have a very unique system, as there is no other quite like it. It uses both mandatory health insurance i.e. social security which reimburses a big part of the cost and supplementary insurance plans such as mutual funds or benefits institutions which cover another part of the cost. Mandatory insurance, or social security covers about 77% of the cost of health care and this figure has stayed relatively stable for many years. As for optional insurance it covers about 13% of the cost. This figure dropped slightly over the past five years but has also remained fairly stable. As a result, the rest of the cost, which households or individuals must cover themselves when they consume health care is quite low on average compared to other European countries or compared to other OECD countries. Once we take off both the mandatory and optional insurance about 8% of the cost remains to be paid by the consumer. Although this average is low, it hides very strong disparities since health care financing and how much it draws from these two health insurance systems can vary a lot depending on the type of care. In hospitals in particular the overall percentage the consumer must pay is very low but each individual hospital fee can work out very high which means that the amount paid by some people can also be very high. However, for care in other places, particularly outpatient care a smaller part of the cost is covered by mandatory insurance and a bigger part therefore is either reimbursed by supplementary insurance or left to be paid by the consumer. We can also talk about medical devices such as prosthetics for which this ratio is completely reversed. For example, for optical prosthetics – so glasses – the portion of the total cost covered by social security i.e. mandatory insurance, is only 4% which is a very low contribution from social security to help cover glasses. The cost is divided between mandatory and supplementary health insurance in a way that varies both for the type of care and from person to person. What is very specific to the French system is that health care expenses are reimbursed twice: first by social security, then by the supplementary coverage. There is a standard price which the social security partially reimburses and then supplementary insurance usually reimburses the part of this standard price that is not covered by social security as well as all or some of any extra charges. What remains is what the consumer must then cover. This system can be very hard to understand. It is particularly confusing to people in other countries. It would be hard to fathom a more complex system than the French one in terms of health care financing. It also must be pointed out that the 77% covered by mandatory health insurance is not enough to guarantee access to health care for all income levels. That is why almost all – 95% – of the population has some form of supplementary health insurance. What then are the costs that remain to be paid by households when they consume health care that can act as a financial barrier to health care for some people? It is hard to give an exact answer to this question. What we do know is what costs remain after mandatory social security pays its share but before supplementary insurance reimburses anything. With this, we can see that for some people this point-of-service cost so the amount not covered by social security can be pretty substantial. About 10% of people can be left with expenses upwards of €3,000 to cover themselves before supplementary cover chips in. How much of this remaining cost is covered by supplementary insurance?





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- ➔ On an individual level, for households we do not know – there are not enough data to answer this question. If this remaining cost is very substantial and is not covered by social security, it can be disastrous for some people. How do we deal with too-high remaining costs? One way to solve this issue is to improve supplementary insurance either by making it available to everybody or, as is the case in other countries by implementing a price limit which guarantees that even though households must pay part of their health care expenses this amount is capped annually and cannot be exceeded. This protects individuals from potentially disastrous expenses. In France, we have this combination of two insurance systems one public and the other private. Supplementary insurance involves private plans which are also divided into three categories: mutual funds, insurance companies and accident or life insurance all with different requirements and for different populations with collective or compulsory plans. We therefore have an abundance of ways to cover health care. Is this accumulation of health insurance methods effective? Is this accumulation of insurance efficient? Not at all – it likely leads to serious issues. Firstly, the exact same treatment is reimbursed twice, but only partially each time. The doubling up of these systems means administration costs are also automatically doubled amounting to about seven billion euros for social security when it covers about 150 billion in expenses as well as a further seven billion in management fees for supplementary insurance which only reimburses 25 billion. The accumulation of these two systems not only creates this waste of money in administrative costs but also reduces responsibility for everyone involved. None of those in charge of financing is completely responsible for a specific health care sector or for regulating health care supply which is due to the fact that they finance only part of this care. To solve these issues we need to clarify, reorganize and redefine what social security will cover and what supplementary insurance can cover. This is already the case in many countries where public insurance covers most of the expenses and where private insurance schemes sometimes mandatory and often fiscally incentivized cover other types of health care. For example, if we go back to prosthetics which are a type of expense for which social security plays a smaller part than supplementary insurance schemes supplementary insurance could perhaps reimburse everything. These are the ideas of reforms that we can examine when we think about how to improve the efficiency and the equity of health care financing in France.
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