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An Overview of Employer-provided Complementary Health Insurance in France in 2009 and Employee Opinions of the Scheme

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The second edition of the Employer-provided Complementary Health Insurance Survey (PSCE 2009) was embedded in a different context than the previous edition conducted in 2003. It provides an overview of complementary health insurance (CHI) offered by companies following the implementation of the Fillon Law on January 1st 2009. With this Law, tax and social security deductions became conditional on the compulsory enrolment of employees on the CHI benefits scheme. PSCE 2009 was also enriched by a questionnaire collecting employees' opinions on the insurance cover provided.

The percentage of companies offering group CHI contracts increased from 40% in 2003 to 44% in 2009. Even if a slight increase was recorded, the provision of employer-sponsored CHI remained unevenly distributed with a higher percentage of offers in large firms, notably in the industrial sector, and companies employing a high percentage of executives.

In 2009, 98% of employees reported benefitting from CHI in general, and 74% reported having access to employer-provided CHI of which 60% benefitted from it. Of these beneficiaries, 75% preferred to keep it rather than substitute it for a wage rise. Employees reporting not having access to employer-provided CHI were in the majority in the lower age and wage brackets, or on temporary or part-time contracts.

In 2011, according to national health account figures, 75.5% of health and medical goods expenditures were reimbursed by the Statutory National Health Insurance. It covered 65% of outpatient care (Eco-Santé 2012), access to which is partially dependant on being covered by CHI. Among the 95% of the French population benefitting from CHI in

2010 (Health and Insurance surveys – Dourgnon *et al.*, 2012), a higher percentage benefitted from private CHI (56%) than employer-sponsored CHI (44 %) [Garnero, 2012].

The agreements signed at the beginning of 2013 to systematise employer-sponsored CHI fall within the broad continuum of previous measures aimed

at favouring access to employer-provided CHI. In 1985, for example, tax and social security deductions were introduced in the Law as an incentive to companies to provide CHI. With the 2003 Fillon Law, these exemptions became conditional on the compulsory enrolment of employees onto the CHI benefits scheme (insert 1). From an insurance point of view,

employer-provided CHI is less costly for employees and their direct beneficiaries due to companies' negotiating power which enables them to mutualise risks and to employers contributions, on average financing 56% of the premium (Perronnin *et al.*, 2012).

However, if employer-sponsored CHI favours the broader dissemination of complementary health insurance coverage, it de facto excludes the self-employed (who can otherwise benefit from the Madelin Law¹), the unemployed and economically inactive, and employees who do not have access to it. Who actually benefits from employer-provided CHI, in what sectors of activity and with what levels of coverage?

Using data from the 2009 Employer-sponsored Complementary Health

¹ The Madelin Law of February 11 1994 offers, among other things, the possibility of building up pension supplements or personal protection cover and complementary health insurance cover through annual contributions deducted from taxable profits.

E1

Modes of implementation and characteristics of employer-sponsored CHI

The Fillon Law of August 21st 2003 that entered into force on December 31st, 2008 restricted tax and social security deductions to compulsory, 'responsible' contracts favouring mutualisation. 'Responsible' contracts limit the reimbursement of co-payments and out-of-pocket payments to cases where observance of the care pathway has been respected. They reimburse at least 30% of the statutory reimbursement rate for consultations and visits and white label pharmaceutical goods, and 35% of the statutory reimbursement rate for medical analyses...

The characteristics of employer-sponsored CHI. Employer-sponsored CHI is cheaper than individual insurance for equivalent coverage levels due to economies of scale and company bargaining power. In addition, the tax exemptions and social security deductions from which they benefit reduces the cost for both employees and employers. The self-employed can also benefit from these exemptions when they subscribe to complementary health insurance (2004 Madelin Law). Group contracts, often governed by compulsory enrolment, mutualise risks since employees are insured independently of health status. It represents an important aspect of wage policy, especially in large companies.

Insurance survey (PSCE), a second edition enriched by a questionnaire addressing employees in addition to establishments (Sources insert), we draw up an overview of employer-provided CHI and its dissemination. We then present employee characteristics in general and an overview of employer-provided CHI beneficiaries' opinions of the scheme. We also provide some elements of information on employer-provident contracts.

Employer-provided CHI is more often compulsory for employees in 2009 than in 2003 but remains unevenly distributed

In France, if the percentage of establishments offering its employees complementary health insurance has remained relatively stable, increasing from 40% in 2003 (first edition of the survey) to 44% in 2009, the nature of CHI contracts have changed. Following the implementation of the Fillon Law (insert 1), the number of establishments offering voluntary CHI contracts has been reduced by half (40% in 2003 against 22% in 2009). Furthermore, the survey highlights persistent inequalities in the dissemination of employer-sponsored CHI.

Employer-sponsored CHI is more frequently offered in large companies, the industrial sector and companies employing a high percentage of executives

In 2009, as in the previous 2003 edition of the PSCE survey, establishments belonging to large companies more frequently report offering their employees CHI (graph 1): 93% of establishments belonging to companies with 250 employees and over *versus* 33% of those belonging to very small companies with fewer than 10 employees. The spread of employer-sponsored CHI also varies according to sector of activity, led by the industrial sector (53 %), ahead of the construction industry (45 %) and the service sector (43 %), probably due to trade

SOURCES

The Employer-provided Complementary Health Insurance survey (PSCE) was first conducted in 2003 and addressed establishments only. In 2009 the survey was enriched with section addressing employees:



- the 'Establishments' section comprises 1 782 active establishments (outside agricultural businesses and administrations) distributed over the whole of metropolitan France and representing establishments in activity in 2008. The service sector represents 77% of the sample, the construction industry 13% and industry 10%. 69% of establishments belong to companies with fewer than 10 employees, 15% to companies counting between 10 to 49 employees, 5% from 50 to 249 employees and 10% to companies with 250 employees or over.

- the 'Employees' section comprises 2,739 individuals representative of employees working in an establishment included in the survey sample on December 31st 2008, that is 56% men and an average age of 40. Over half the employees live as a couple (69%) and a third are single (30%). The socio-professional categories the most represented in the sample are workers (29%), followed by employees (26%), technical professions (23 %) and executives (16%). In addition, 43% of employees have a secondary education level inferior to the BAC and 40 % superior to BAC+2. The net average monthly net wage is 1,646 € and the median wage 1,468 €. Over half the sample self-report very good health (45%) or good health (41 %), that is to say in better health than the general population (respectively 30% and 43% according to the 2010 Health, Health Care and Insurance survey (ESPS)). This effect due to the 'healthy worker' selection bias is well known: the economically active population is younger and in better health than the economically inactive or unemployed population.

unions' stronger bargaining power in the industrial sector (Naboulet, 2011).

Establishments belonging to companies employing a high percentage of executives are also more numerous in proposing this type of contract. Thus, among companies with 10 employees and over², 85% of establishments belonging to companies employing over 10% executives offer CHI against 37% of establishments belonging to companies with none. Nevertheless, only 16% of

² The statistical analyses were carried out according to company structure excluding very small companies (VSC). The low number of employees in VSC makes it impossible to establish a valid socio-professional structure.

CONTEXT

The second edition of the Employer-provided Complementary Health Insurance Survey (PSCE) conducted in 2009, jointly financed by IRDES and the Directorate for Research, Studies, Assessment and Statistics (DREES), falls within the context of IRDES research on access to complementary health insurance. This study pursues the analysis of employer-provided CHI provision launched in 2003. This article is taken from the survey report by Perronnin, Pierre and Rochereau published in July 2012 in the IRDES Reports collection.

For further information:
<http://www.irdes.fr/Publications/Rapports2012/Rap1890.pdf>

establishments offering employer-sponsored CHI exclude certain employee categories: 9% report excluding non-executives and almost 5% exclude employees on temporary contracts.

On the other hand, employer-sponsored CHI is extended to the employee's spouse and children in 89% of cases.

The main motives for non-coverage: its cost, the difficulties in setting up the scheme and the fact that the question has never been raised

Among the 56% of establishments not providing employer-sponsored CHI, 29% declare that the question has never

been raised, 28% that these kinds of contracts are too costly or that the establishment is too small to warrant setting up such a scheme, and 18% evoke employee opposition (graph 2).

The origins of the group contract, their financing and level of coverage differ according to company size and sector of activity

A greater number of small establishments report that the decision to offer a CHI scheme was imposed by a branch or collective agreement: 22% among establishments with fewer than 10 employees, 19% with 10 to 49 employees, 10% with 50 to 249 employees and almost none in establishments with 250 employees or over. Inversely, in large establishments, the agreement is more often signed at establishment level: 92% of establishments counting 250 employees or over against 70% of establishments with fewer than 10 employees. On average, contacts have been managed by the same insurer for the last nine years.

Of the establishments offering employer-provided CHI to all or part of their work force, only 6% do not subsidise the scheme (against 14% in 2003). In effect, since January 1st 2009, tax and social security deductions are conditional on employer participation

(insert 1). Moreover, when the average rate of employer financing is identical for all the types of contract proposed whatever the level of coverage³, which is almost always the case, it subsidise on average 56% of the premium.

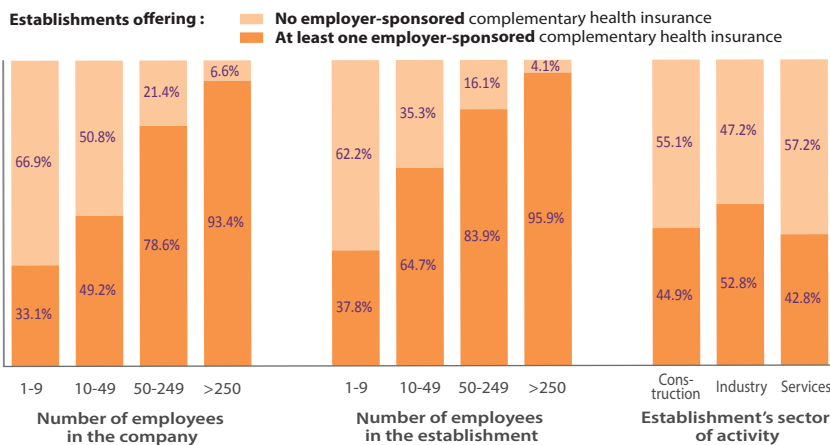
In addition, in 80% of establishments where employee participation is compulsory, employees pay a lump sum⁴ and 13% contributions indexed to salary. The latter is more widespread in the construction industry (34%, against 10% in the service sector and 6% in industry) and very small companies (18% of establishments belonging to very small companies (VSC) against 10% of those belonging to companies with 250 employees or over)⁵.

According to the classification of contracts into 4 classes (from class 1 offering minimal cover on out-of-pocket payments, optical and dental care, to class 4 offering maximum coverage levels)⁶, the majority of employer-sponsored CHI contracts offer maximum coverage: 26% of establishments offer class 4 contracts, 21% class 3, 18% class 2 and 21% class 1 contracts. Large establishments more frequently offer class 4 contracts: 45% compared with 25% of very small establishments.

Two establishments out of three also propose provident contracts (insert 2).

G1

Proportion of establishments offering their employees a complementary health insurance scheme by company size, establishment size and sector of activity



Data : Enquête Protection sociale complémentaire d'entreprise (PSCE) 2009.

To download data: www.irdes.fr/Donnees/Qes181_ComplementaireSanteCollective2009.xls

³ The average participation rates are calculated on the basis of establishments in which the employer participation rate is identical for all types of contract proposed, that is 632 establishments out of the 774 offering employer-sponsored CHI. Calculating an average for all the establishments concerned would not reflect establishments' average investment in financing the contracts since the number of employees concerned by each type of contract is different.

⁴ Lump-sum group together fixed contributions indexed to age, seniority or family situation and contributions proportional to the monthly social security threshold. Lump sum including a supplement proportional to salary are included in contributions indexed to salary.

⁵ Furthermore, 4% of establishments propose a different form of participation according to the type of contract proposed, 2% don't know, and 1% a different method.

⁶ Classes 2 and 3 offer an intermediate level of coverage: class 2 contracts reimburse minor out-of-pocket payments and vaccines not reimbursed by the Social Security, whereas class 3 contracts target out-of-pocket payments (cf. Perronnin et al., 2012).

Personal protection and sick leave benefits

Historically established prior to employer-sponsored CHI, personal protection schemes cover a range of benefits designed to provide employees with supplementary benefits to those provided by the Social Security in the case of invalidity, incapacity, sick leave or death-widowhood. Invalidity refers to the physical or mental impossibility of carrying out one's professional activity on a permanent basis and incapacity refers to a temporary impossibility.

Two out of three establishments (65%) declared offering employees personal protection schemes, 20 points more than establishments offering CHI, covering 86% of employees. Over half of these establishments (55%) also offer complementary health insurance. We found the same main trends for all types of guarantee offered by personal protection schemes as for CHI. Thus, the percentage of establishments offering a provident contract covering financial consequences of death (in particular widowhood) or disability increases according to the size of the establishment, depends on the sector of activity and executive or non-executive status.

Disability insurance, paid out in the form of an annuity, is offered by over half the establishments (57%) covering 81% of employees, of which 91% executives and 75% workers. The percentage of establishments offering this type of insurance increases with company size (50% of establishments belonging to VSC against 89% of establishments belonging to companies with 250 employees or over).

In over half the establishments (56%) employees are covered against the financial consequence of death, covering 80% of employees. Large establishments were again more numerous to offer this type of insurance and in the same proportions as disability insurance, the main beneficiaries were the executives.

Only slightly over a third of establishments (36%) offer an educational annuity plan to ensure child education on the death of an employee, covering 62% of employees. Whereas the previous risks are covered in equivalent proportions according to sector, the educational annuity is unevenly distributed: more frequently offered in the service sector (38%), followed by industry (32%) and finally the construction industry (26%)^a.

A little over half the establishments cover the first three days of sick leave, especially the larger ones. In the case of absence from work for health reasons, employees are entitled to benefits compensating the loss of earnings. There are three levels of benefit: the first is compulsory, paid by the National Health Insurance in the form of daily sick leave benefits from the fourth day of absence. The second level, also compulsory, obliges employers to maintain employees' wage levels in addition to daily sick leave benefits for a period of time that varies according to seniority and concerns

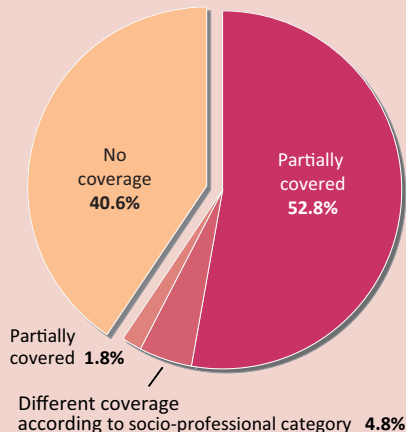
employees having worked in the company for at least a year on the eighth day of sick leave. The third level is voluntary and concerns supplementary benefits paid by the employer in addition to the first two by means of a provident contract.

The results presented here concern typical case employees with at least five years seniority. The question related to sick leave benefits is as follows: 'For an employee with five years seniority, and taking into account Social Security benefits, what percentage of an employee's salary in total is reimbursed during the first three days of sick leave?'

Of the three quarters of establishments having answered the question on providing sickness benefits covering the three day waiting period (not reimbursed by the Social Security), 53% declare providing full coverage for the three days (or 64% of employees covered), whereas 41% of respondent establishments declare not providing benefits (graph below). Establishments providing total coverage belong in the majority to large companies (77%) against 47% of VSC. Even if only 5% of establishments declare differentiating their sick leave benefits according to socio-professional category, 82% of executives nevertheless benefit from total coverage for the first three days of sick leave against 51% of workers, this form of benefit being more frequent in companies with a high proportion of executives.

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Sick leave benefits covered by the establishment during the first three days of sick leave



Data: Enquête PSCE 2009.

^a It should nevertheless be noted that the percentage of establishments claiming not to know whether employees are covered for this type of risk is high in the construction industry (35% versus 27% in industry and 22% in the service sector).

Three quarters of employees report having access to employer-provided CHI

According to the results of the 'Employee' questionnaire, 98% of employees declare benefitting from complementary health insurance. 60% declare benefitting from employer-provided CHI although 74% declare having access to it, with the highest number in the industrial sector (83%, against 73% in the construction industry and 71% in the service sector). Among the employees who reported not having access to employer-sponsored CHI, 92% nevertheless benefit from CHI (private individual contract, coverage via the spouse's group contract or through the Universal Complementary Health Insurance scheme (CMU-C)).

Non-executive personnel on low wages are less frequently offered employer-sponsored CHI...

Around 73% of employees, intermediary professions and unskilled workers declare having access to CHI via their establishment against 80% of executives. Those who most frequently have access are employees in the highest wage brackets: 90% of employees earning a net monthly salary ranging between 1,942 € and 2,763 €, against 71% of employees earning between 1,065 € and 1,468 €. These results confirm those obtained in the 'establishments' questionnaire.

... as are those on temporary or part-time contracts and younger employees

Part-time employees are fewer to have access to employer-sponsored CHI than those on permanent contracts, respectively 70% and 80% (graph 3). The same is true for employees on temporary contracts with only 44% having been offered employer-sponsored CHI against 78% of employees on permanent contracts. Young employees are also fewer to be offered employer-sponsored CHI: 63% of employees aged less than 25 against 71% of 25-34 year olds, 75% of 35-44 year olds and 77% of 45-59 year olds.

The majority of employees having refused employer-provided CHI are already covered by private CHI

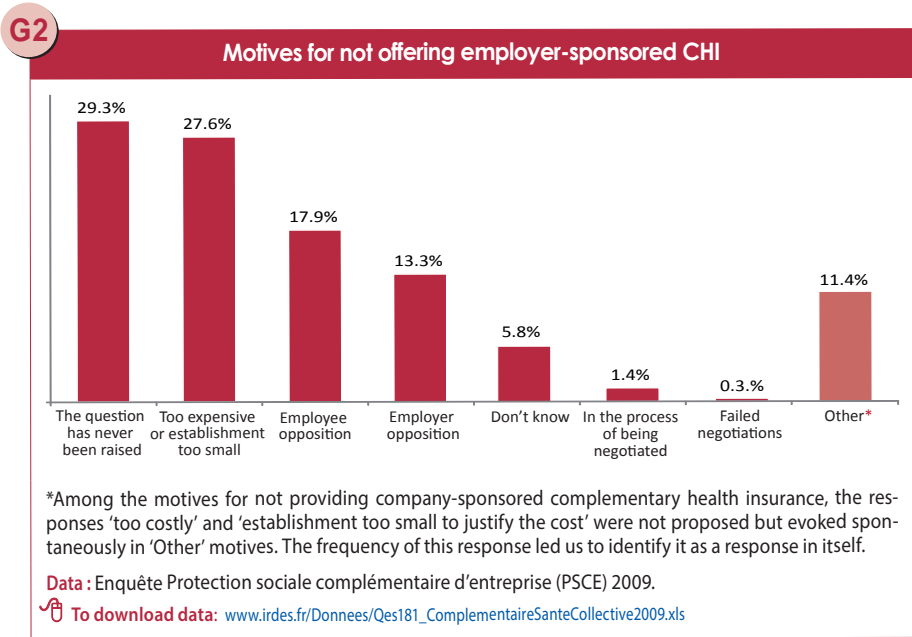
Among the employees for whom enrolment on the employer-sponsored CHI scheme was voluntary (33%), 56% refused. This rate is 47% for men and 67% for women. The majority of employees having refused employer-sponsored CHI nevertheless benefit from CHI (93%) and constitutes the main reason for this refusal (85%).

Employees' opinions on employer-provided CHI are favourable

Over half the employees (58 %) consider the offer of employer-provided CHI to be a criterion in the choice of employment: 14% consider it to be a determining criterion, 44% an important but secondary criterion and 40% that it has no influence. This proportion (58%) is higher among employees already covered by CHI: 63% against 51% of those without CHI.

A majority of group CHI beneficiaries are satisfied...

Employer-provided CHI offers higher levels of coverage when compared



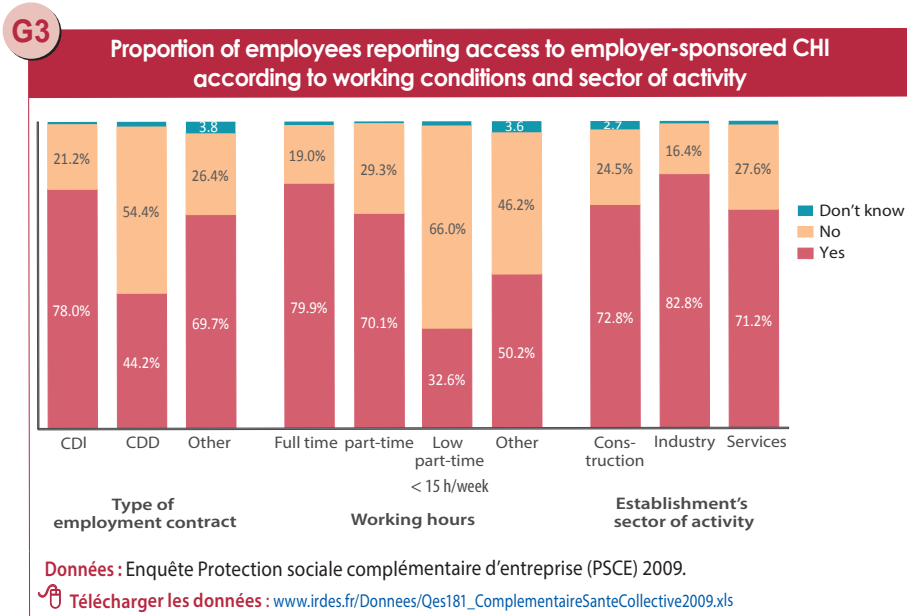
with private CHI (Garnero, 2012). Employees benefitting from employer-provided CHI thus consider themselves well insured with the highest satisfaction levels concerning the reimbursement of prescription drugs. 89% thus consider they are well or very well reimbursed in this domain. The following favourable opinions concern the reimbursement of per diem lump sum for hospital accommodation, followed by optical care, medical charges in excess of statutory fees and dental care with 62% judging they are well or very well reimbursed by their employer-sponsored CHI (graph 4).

... and prefer to keep it rather than substitute it for wage increase

To the question: 'If you had the choice, would you prefer that your employer no longer offered CHI and raised your wages in exchange?', 75% of employees benefitting from employer-sponsored CHI declared they preferred to keep it rather than have it replaced by a wage increase. This preference is in the majority voiced by employees in the higher wage brackets: respectively 79% and 82% of employees earning a net monthly salary ranging from 1,469 € to 1,941 €, and 1,942 € to 2,763 €, against 69% earning between 1,065 € and 1,468 €. Employees in the construction industry are more numerous to declare themselves against the abolishment of company-sponsored CHI (80 %) against 75% of employees in the service sector and 73% in industry.

What do employees know about their situation in terms of CHI on retirement?

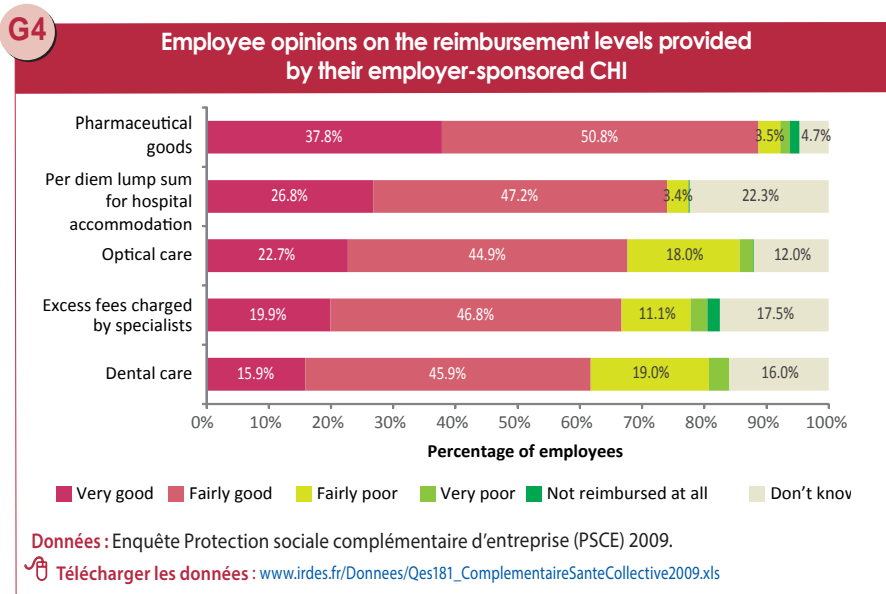
To the question: 'When you retire, to what situation do you expect to be confronted? Over half the employees benefitting from employer-provided CHI (53 %) are unaware they could continue to benefit from their CHI as a retiree by paying a higher premium⁷. Younger employees are more frequently unaware of this possibility: 42% of 25-34 year olds against 50%



of 35-59 year olds. On the other hand, employees in the highest wage brackets are more often aware of this: over 50% of those earning a net monthly salary of over 1,469 € declare they can keep their CHI by paying a higher premium, against 37% of employees earning between 1,065 € and 1,468 €.

Workers are one of the employee categories that would most like to benefit from employer-provided CHI

Among the employees declaring not having access to employer-provided CHI, 52% would like to. It is more especially the technical professions (54%) and the workers (53%) that would most like to benefit from it. The same applies to industrial sector employees (61% against 53% in the construction industry and 50% in the service sector), and employees exposed to difficult working conditions as is the case for 57% declaring having to work in awkward positions against 49% of employees who do not, and 66% of employees exposed to high noise levels against 49% of those who are not. On



the other hand, employees on the lowest wages less frequently express this desire (41% of employees with a net monthly wage below 700 € against 62% in the 1,469 € to 1,941 € wage bracket).

* * *

To conclude, employer-sponsored CHI, offered in 44% of establishments in

2009, remains unevenly distributed. Very small companies are less likely to offer a CHI scheme and employees on temporary contracts and workers are least likely to have access to it. When they do benefit from an employer-provided CHI scheme, employees are satisfied with the levels of coverage and would not exchange their employer-sponsored CHI against a wage increase. Provident contracts, however, appear to be less inequitably distributed among employee categories and more broadly spread, notably because they have been part of employer-sponsored welfare plans for longer.

These results call for deeper analysis which the 2013 PSCE survey should facilitate. Among the domains needing deeper analysis: implementation strategies for personal protection plans, their contents and sick leave benefits. The PSCE survey scheduled for end 2013 will provide an overview of company-sponsored CHI just before its systematisation scheduled by the agreements signed at the beginning of 2013. ♦

⁷ On withdrawal from the labour market, the Evin Law imposed conditions on the insurers aimed at facilitating the portability of contracts obtained under a group contract: the obligation to propose an equivalent contract whilst limiting the total increase of the premium (including employer participation) to 50%.

MÉTHODOLOGIE

Survey scope: The unit of analysis is the establishment which corresponds to the smallest decision-making unit in terms of employer-provided CHI. All active establishments (outside agricultural businesses and administrations) in metropolitan France in operation throughout the year 2008 with at least one employee are included in the survey. Employees included in the sample are those present in an establishment sampled on December 31st 2008.

Sampling: The establishments were randomly selected from the SIRENE register (Computerised Directory of Businesses and Establishments) according to business sector, establishment size and the size of the companies to which they belong. On the basis of the sampling plan, two samples were selected: a main sample of 4,278 establishments and a reserve sample of 4,275 establishments, making a total of 8,553 establishments. The employee sample was randomly selected from the sampled establishments using the Annual Declarations of Social Data (DADS), that is to say 17,552 employees.

Survey participation: Among the establishments included in the scope of the survey that were contacted (5,141 establishments), 1,782 (35 %) accepted to participate in the survey and 3,357 refused (of which 1,149 at least provided information concerning the existence of employer-sponsored CHI in the establishment permitting the

better correction of non-responses). Concerning the employee sample made up of 12, 464 falling within the scope of the survey, 5,584 could not be contacted and 2,453 were finally outside the scope of the survey. Among the employees contacted and within the scope of the survey, 2,739 (62%) agreed to participate.

Non-response bias correction: Three sample weights were applied to the survey scope base. The first two ensured the representativeness of information collected from the 'Establishments' and 'Employees' sections respectively. The third enabled the extrapolation of data from the Establishment section to the French labour force as a whole.

The survey questionnaires: Establishments were interviewed from February 12th 2009 to June 16th 2009 within the establishment via one or several employees identified as being the most familiar with employer-provided CHI during a the phone contact. The questionnaires administered within the establishments broached the characteristics of employer-provided benefit plans including complementary health insurance and provident contracts. Employees were interviewed in their homes in two survey waves conducted in the first and second halves of 2009. Employee questionnaires not only broached complementary health insurance but also socioeconomic characteristics, state of health, working conditions...Employees were interviewed at home by phone.

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