

questions

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results

Background

At the end of 2003, IRDES carried out a survey of company supplementary social protection (PSCE) in a sample of companies with at least one employee. The objective was to add to the information on company schemes available from the Health and Social Protection survey of 7000 households carried out every two years. According to this survey, over half of employees benefit from supplementary insurance through their workplace.

The PSCE survey provides further information on the little known employee benefit schemes and collects data on the characteristics of those companies which provide them. The first analysis highlighted those factors which affect access to employment based contracts (QES n° 83). Here we add to those results with an analysis of differences in the level of cover by type of company and employee, and in a forthcoming publication, by type of contract and contracting organisation.

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Workplace provided supplementary health insurance: Levels of cover in contracts by type of employee and sector of activity

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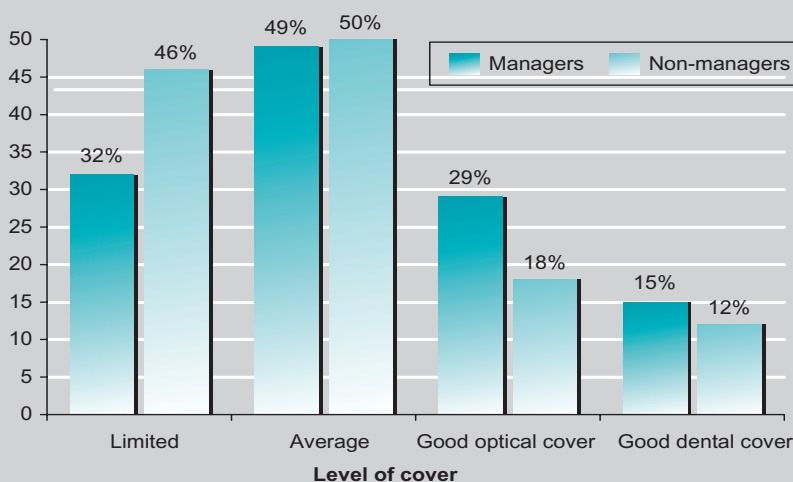
On the basis of a survey of companies carried out at the end of 2003, this study shows that managers enjoy a range of benefits related to group health insurance: more managers than non-managers have access to these schemes, and they benefit from higher levels of cover. Thus:

- companies employing high proportions of managers on average offer contracts with better cover;
- and where they offer different contracts to different groups of employees, the cover is almost always better for managers.

And finally, for those services least well-reimbursed by public health insurance, dental and optical services, one manager in three has access through his employer to a contract with a good level of cover, compared to one in five non-managers.

If, on average, the levels of cover vary little by sector of activity, there are big differences between companies in the same sector, depending on their size and the status of employees. Hence employees of small companies in the services sector and to an even greater extent in the manufacturing sector, are for the most part excluded from group health insurance schemes; whereas the construction sector, in contrast to the manufacturing sector, makes little distinction between managers and non-managers in terms either of access to company schemes or the levels of cover offered.

Percentage of employees working in a company which offers group health insurance with a level of cover...



Note for the reader: 32% of managers work in an organisation with limited reimbursement for dental and optical care, compared to 46% of non-managers. Some companies offer several contracts with different levels of cover to their employees. Thus in this figure the same employee may have access to good optical cover and good dental cover. Hence the percentages cannot be added, their total being greater than 100%.

Source: IRDES, PSCE survey 2003.

In France, supplementary health insurance plays an important role in access to care, particularly for services like dental and optical care, where the amount to be paid after reimbursement by the compulsory scheme is substantial. According to the Health Care and Insurance Survey 2004 (Allonier *et al.*, 2006), a household survey, 9 out of 10 employees declare having supplementary health insurance, apart from universal health insurance. Of these more than half report obtaining it through their employer. According to another source, the Company Supplementary Social Protection survey (the PSCE carried out at the end of 2003), 72% of employees work in an organisation which offers supplementary health insurance. Furthermore, the 2005 CREDOC-CTIP survey shows that company supplementary schemes are particularly appreciated by employees because of their lower cost (Chauffat *et al.*, 2005).

IRDES analyses of the ESPS survey data have already shown that company insurance contracts offer a higher level of cover than individual contracts, particularly where uptake is compulsory. The PSCE survey data indicate that managers and intermediate professions are more likely to work in a company which offers group supplementary insurance (about 80% compared to 70% for blue collar workers and 64% for employees). To a lesser extent, this probability also varies by sector of activity: 78% for employees in manufacturing 75% for employees in the construction sector, and 65% for those in the services sector. This paper aims to assess these results in greater depth, using the PSCE survey, by looking at the range of cover levels offered by type of employee and by the activity sector of companies.

Levels of cover in company health insurance schemes by type of employee

At the end of 2003 IRDES carried out a survey of company health insurance in establishments¹ employing at least one person, outside the agricultural and administrative sectors (the PSCE survey). The data collected enable us to compare the cover offered for dental and optical care. The contracts offered have been grouped into four levels of reimbursement: “limited”, “average”, “good” for optical care and “good” for dental care (for more information on the survey and methodology see Box below).

Contracts with the highest level of reimbursement for managers

Levels of cover vary by type of employee to almost the same extent as that already observed for access to company supplementary insurance²: managers have better levels of cover than non-managers.

Among employees working in establishments which offer at least one supplementary insurance contract: 29% of managers have access³ to “good” levels of optical cover and 15% have “good” levels of dental cover compared to 18% and 12% respectively for non-managers. In contrast, 32%

of managers have access to contracts with “limited” levels of cover compared to 46% of non-managers (see Figure page 1 above).

These differences in levels of cover are even greater among those establishments which offer different contracts to managers and non-managers. In these establishments, 48% of managers have access to contracts with “good” levels of optical or dental cover, compared to 18% of non-managers. Conversely, only 11% of managers have contracts with “limited” levels of cover as opposed to 40% of non-managers. In thirty establishments in the sample, only managers are eligible for supplementary health insurance. For 75% of these, contracts provide “good” levels of optical or dental cover.

Overall, where there are differences in the cover levels in company health insurance schemes for different categories of personnel, managers have better levels of cover. However this affects less than 10% of employees with access to company supplementary insurance. Hence the social gradient observed in the levels of cover observed in the household surveys is essentially due to the fact that managers are more likely to be employed in establishments offering good levels of cover to all their employees; and only to a limited extent due to any discrimination between managers and non-managers within establishments.

There are also differences in terms of access to insurance and levels of cover according to the type of employment contract. 75% of permanent employees work in an establishment offering an insurance contract compared to 60% of temporary employees. Furthermore, 9% of employees work in establishments which

¹ In INSEE's terminology an establishment is a geographically separate unit of production, which is legally dependent on a company. INSEE advised that the unit of analysis should be the establishment because this represents the lowest level of decision-making with regard to supplementary health insurance.

² See QES n° 83 (Couffignal *et al.*, 2004).

³ Some companies offer several contracts to their employees – contracts with options, optional contracts. The survey does not provide information on the choice made by employees; hence the data pertains to whether or not employees have contracts.

Data and method of classification of contracts based on PSCE survey data

Our study is based on data collected during the Company Supplementary Social Protection survey (PSCE) of 1 744 establishments employing at least one person outside the agricultural and administrative sector, carried out at the end of 2003.

The sampling frame consists of files on companies selected to participate in DA-RES surveys of activity and the working conditions of the labour force and of very small companies (TPE). Establishments rather than companies were surveyed because the establishment represents the lowest level of decision-making with regard to supplementary insurance.

This survey has enabled the collection of data on the availability of supplementary health insurance (or the reasons for its absence), on how it is managed, on the content of contracts and on the offer or otherwise of a providence health plan.

An important part of the PSCE survey questionnaire deals with the content of contracts which companies offer their employees:

- the number of different contracts offered by each establishment as well as the categories of employees affected by these contracts;
- for each contract the precise wording of the cover offered for additional expenditure that are charged in excess to conventional tariffs for specialist care, dental prostheses and eyewear glasses;
- information on whether or not the daily charge and thermal cures are covered.

To avoid the unduly detailed collection of data which might discourage respon-

dents, data collection was simplified in places. Hence the precision of the data collected is limited in some areas:

- for optional contracts, we do not have information on the proportion and the characteristics of employees who have chosen such a contract;
- for contracts with options, we do not have data on the options selected by different categories of personnel, unless the contracts are available for specific categories of employees;
- where an establishment offers several contracts, only the principle contract (the most commonly used in the establishment) is described in detail. However information on the levels of cover have been requested for all of the contracts.

The first two restrictions mean that we cannot determine exactly which type of employee is covered by each contract. Hence we refer to types of employee having access to a certain type of contract rather than to types of employee covered by such contracts.

Of the 1 740 establishments surveyed, 943 offer at least one contract to their employees. Overall these 943 establishments offer 1 446 contracts, i.e. 1.5 contracts on average per company.

Based on the classification method developed in earlier IRDES studies on the content of supplementary contracts (Bocognano et al., 2000, Couffinal, Peronnin, 2004), we compare the cover in different contracts by calculating what is reimbursed under each contract for a pair of spectacles worth €600, a dental prosthesis at €750 and a specialist consultation at €40. Contracts can be classified into

four levels of optical and dental cover in an ascending hierarchical classification. This approach enables us to identify the key features of the contracts. Hence we identify four classes of contract which can be ranked according to their overall level of cover.

Class 1: Contracts with "limited" levels of dental and optical cover (34% of contracts, 34% of employees);

Class 2: Contracts with "average" levels of dental and optical cover (39% of contracts, 40% of employees);

Class 3: Contracts with "good" levels of optical cover (18% of contracts, 16% of employees);

Class 4: Contracts with "good" levels of dental cover (9% of contracts, 10% of employees)

Levels of reimbursement for specialist care, which have not been taken into account in specifying the classes*, increase on average across the classes from the class with "limited" cover, through that with "average" cover, to that with "good" optical cover and finally to contracts with "good" dental cover.

* Levels of cover for specialist consultations have been excluded from the analysis because they could not be treated as continuous data, with a large proportion of contracts offering complete reimbursement of charges. A classification of discreet data, taking into account dental, optical and specialist cover, is much less discriminating than a classification using continuous data which takes into account only dental and optical cover.

Description of the four classes of contract according to the cover levels offered

	Classifying variables		Average level of reimbursement for specialist care (% of the conventional tariff)
	dental (% of the conventional tariff above Social Security reimbursement)	optical (Euros above Social Security reimbursement)	
Limited dental and optical over	118%	€ 133	64%
Average dental and optical cover	265%	€ 261	80%
Good level of optical cover	290%	€ 504	95%
Good level of dental cover	554%	€ 391	97%
Overall contract	249%	€ 269	79%

Source: IRDES, PSCE survey, 2003

exclude temporary employees from company health insurance schemes. Those establishments which make access to a company scheme dependent on length of service are not included here.

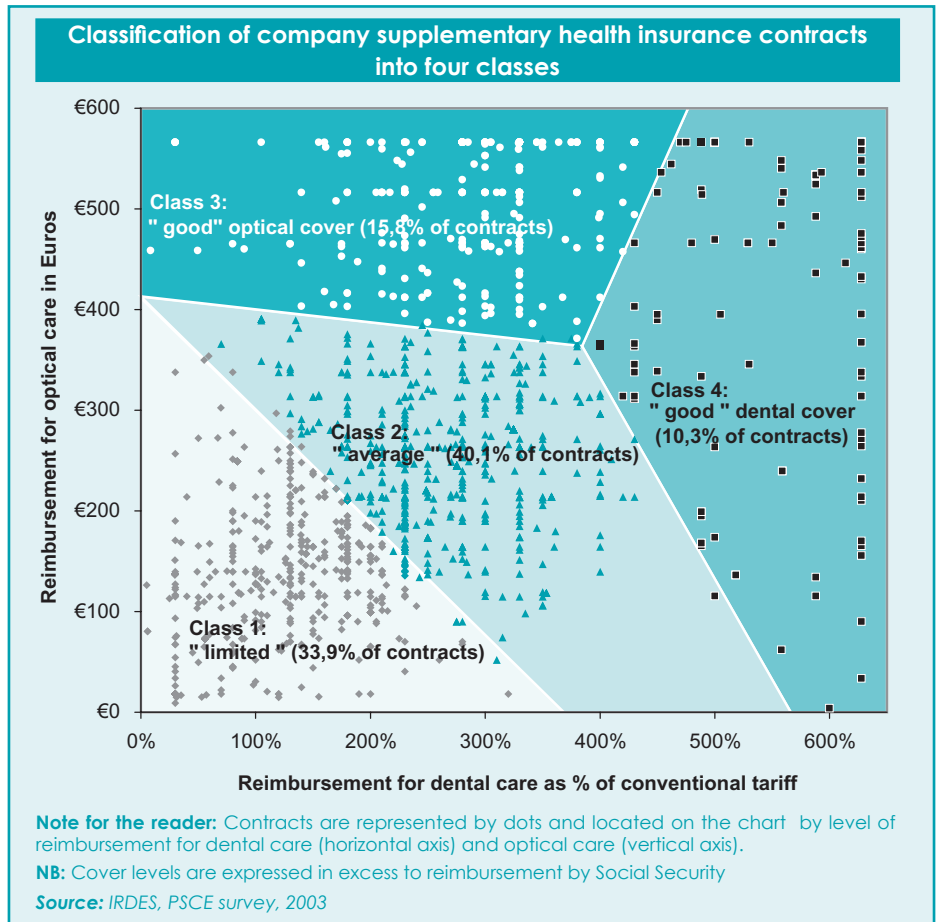
The absence of information on the cost of contracts makes it difficult to reach any clear conclusions about inequalities in access to supplementary health insurance between managers and non-managers ⁴.

Levels of cover in company health insurance schemes by sector of activity

We have already shown that the probability of having access to a company supplementary health insurance contract is closely related to the size of the company and much less to the sector of activity. This probability is 36% in companies with fewer than 10 employees and almost 100% in those with over 500 employees. It is 78% in manufacturing, 75% in construction and 69% in the services sector.

The levels of cover in the contracts offered are on average very similar between activity sectors. However establishments in the construction sector more often offer contracts at the extremes of the scale of cover levels, either "limited" cover, 39%, or "good" levels of optical and dental cover, 30%, while establishments in the manufacturing and services sectors are somewhat more likely to offer "average" levels of cover, about 40% of contracts (see Table on page 5).

⁴ In this study we do not have data on the costs of contracts offered to employees, because this information, together with that on levels of cover, could be regarded as sensitive by companies and therefore likely to generate a high number of non-responses.



This relative homogeneity conceals considerable variation within each sector in contracts offered by type of employee and size of establishment, related to the historical and socio-economic context peculiar to each sector.

The construction sector: widespread and uniform cover for all employees

Despite a very high proportion of small companies ⁵ this sector is characterised by the relatively widespread offer of supplementary health insurance: 75% of employees working in 52% of establishments have access to it. In contrast to other sectors, most establishments with fewer than 50 employees offer a contract to their employees compared to 32% in the service sector and 18% in manufacturing.

⁵ In 2003 according to INSEE's annual business survey (EAE), 96.4% of construction companies had fewer than 20 employees and employed half of the employees in the sector.

Construction sector is also characterized by little variation between categories of employee in the nature of supplementary health insurance offered to workers. Thus, among employees working in establishments which offer one contract, only 3% offer different contracts to managers and non-managers, compared to 7% in the services sector and 11% in manufacturing. The contract is more likely to be compulsory for all employees than in other sectors.

Several factors may explain this widespread availability of similar types of contract in the construction sector:

- the need to make occupations in the building trade more attractive;
- the wish to ensure good health insurance cover for employees at particular risk of injury, including managers, which is all the more crucial that the indirect costs of

illness (absenteeism, sick leave) can have severe consequences for small businesses;

- closer relationships between different grades of employee, particularly in the many small firms in the sector;
- an industry-wide agreement making it compulsory for firms in the sector to

provident institution. This obligation may encourage them to provide health insurance, which is optional.

Finally, more often than in other sectors, decisions concerning supplementary health insurance are taken by the employer alone. Thus, in 62% of cases the head of the establishment has taken the decision to arrange in-

surance (compared to 37% in the service sector and 24% in manufacturing). In only 17% of establishments, employees are involved in discussions relating to the contract, compared to more than 40% in the services and manufacturing sectors.

The fact that employees are less involved in discussions concerning supplementary health insurance contracts may be due to the limited nature of trade union representation in a sector consisting essentially of small firms. It may also be due to the greater involvement of employers who wish to ensure good cover of risks taken by their employees and also to make the sector more attractive to work in. Furthermore we note that 98% of employers in the construction industry finance company insurance contracts, compared to 85% in the services sector and 74% in manufacturing.

The manufacturing sector: better cover in big companies and for managers

Companies in the manufacturing sector are most likely to offer a company health insurance contract to their employees: 78% of them have access to such a scheme.

The existence of an insurance contract is dependent on the size of the company to a greater extent than in other sectors: 97% of establishments offer a contract when they are part of a company employing more than 100 employees, compared to only 18% of those which are part of a firm employing less than 50 employees.

In the manufacturing sector, employees are more likely to work in big companies, and hence to have union representation; historically this has been more important than in other sectors. This is likely to be

Characteristics of contracts offered by establishments by sector of activity

	Construction	Manufacturing	Services
Among employees working in a company which offers a contract			
<i>Percentage of employees with access to a contract proposing cover*...</i>			
- « limited » optical and dental	39%	33%	34%
- « average » optical dental	30%	40%	41%
- « good » optical	6%	20%	15%
- « good » dental	24%	7%	10%
<i>Percentage of employees with access to...</i>			
- a single contract for all employees	49%	63%	46%
- different contracts for managers and non-managers	3%	11%	7%
- contracts with options for all employees	13%	12%	25%
<i>Percentage of employees working in an establishment which offers...</i>			
- a compulsory contract for all employees	59%	53%	38%
- an optional contract for all	29%	24%	37%
- possible extension to family members	92%	98%	96%
- automatic extension to family members	39%	34%	29%
<i>Percentage of employees for whom the contract is with...</i>			
- a « mutuelle »	23%	42%	44%
- a provident institution	64%	38%	21%
- a private insurance company	13%	20%	34%
Among establishments offering a contract to their employees			
<i>Percentage of establishments in which...</i>			
- the employer alone decides to take out a company contract	62%	24%	37%
- employees are involved in discussions on the content of contracts	17%	44%	41%
Financing of company supplementary health insurance			
Percentage of employers who participate in financing the cover	98%	74%	85%
Average level of employer participation (among those who participate)	59%	53%	58%

* For multiple contracts, in 86% of cases we know to which categories of employee the different contracts apply; in the remaining 14% of cases, we have allocated employees equally across the different contracts offered..

Note for the reader: Among those employees in the construction sector working in an establishment offering a contract, 49% offer a single contract to all employees. In 17% of establishments, employees are involved in the discussion. 39% are offered "limited" cover for optical and dental care.

Source: IRDES, PSCE survey, 2003

why employees are involved in decisions concerning supplementary health insurance: in 44% of establishments, as opposed to 41% in the service sector and 17% in the construction sector.

Managerial and non-managerial staff often have different union representatives, hence they often negotiate insurance cover separately for the staff groups they represent. Thus in manufacturing, employees are more likely to have contracts which vary between managers and non-managers: 11% among employees that have access to a company insurance contract compared to 7% in the services sector and 3% in construction. For this 11% of employees, the contracts available for managers almost always offer better cover than those for non-managers. Thus, while the levels of cover in contracts offered in the manufacturing sector are close to the average overall, the differences between groups of staff are greater, to the advantage of managers.

The services sector: less extensive and more selective cover

Group health insurance is less common in the services sector. Thus, 69% of employees, working in 40% of services sector establishments, have access to a supplementary health insurance contract. The recent rapid growth of this sector characterised by the development of large numbers of small organisations carrying out a wide range of activities, has created a very disparate sector. This does not favour the collective representation of employees nor, as a consequence, the development of company health insurance schemes.

This is also the sector which is most likely to exclude certain groups of employees (temporary staff, non-managerial staff): 16% of employees with access to a company scheme work in an establishment which excludes these groups, com-

pared to 8% in industry and 7% in the construction sector. Furthermore, the services sector gives most freedom to employees in subscribing to a group insurance scheme. 37% of employees work in an establishment which offers an optional contract to the whole staff (29% in construction and 24% in manufacturing). Also, 25% of employees with access to supplementary insurance work in an establishment which makes options available to all workers (13% in construction and 12% in manufacturing). This may explain why the contracts offered have levels of cover a little below those in other sectors (for an analysis of the relationship between levels of cover and the characteristics of contracts see *Issues in Health Economics* n° 115, forthcoming).

* * *

If on average the levels of cover in supplementary health insurance schemes offered by companies vary little between the three main sectors of activity, inequalities between groups of employees vary between sectors. The construction sector is by far the most homogeneous; the manufacturing and

services sectors differentiate more between managers and non-managers.

Taking all the sectors together, those groups of employees with the highest income also enjoy the highest levels of cover in company health insurance schemes. Nevertheless disparities may exist within these groups. In the USA, various studies⁶ have shown that substitution takes place between wages and company participation in the financing of health insurance. They suggest that there may be a trade-off between higher wages and more fringe benefits. This hypothesis has not yet been investigated in France and could therefore provide an interesting field of research in the future.

Finally, we note that the PSCE survey was carried out at the end of 2003, before the health insurance reform of 2004, and that the characteristics of these contracts may have evolved significantly since this reform, particularly due to the implementation of responsible contracts.

⁶ For a comprehensive literature review of these studies see Gruber (2000).

Further information

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