

The health care system in France is a mixture of public and private delivery and financing. In 2001, the WHO ranked the health care system in France first because of its universal system, responsiveness, and patient/provider freedoms. The core of the system is the nation's public health insurance (PHI), which is contained in the Social Security System's entitlement program. The insurance program began in 1945, though universal status was not fully achieved until 2000. Originally based on occupational status, the program evolved to include every French citizen. The system includes both a public and private sector of delivery. Public hospitals account for 65% of hospital beds, with the remainder in non-profit hospitals and for-profit, surgery based hospitals and offices that provide elective fee-for-service procedures. To limit excessive spending, the state decides on the size and number of hospitals, as well as the distribution of expensive technology and equipment like MRI and CT scanners.

The PHI is financed by a combination of employer and employee contributions. The employer pays 12.8% of each employee's salary and employees pay 0.75% of their salary to the fund. In addition, a 5.5% personal income tax contributes to the PHI fund, which becoming the main funding source to take financial pressure off employers. The specifics of an individual's PHI are dependent on their occupation and total income. Under the state's supervision, employers and union federations manage the insurance funds, from which the employees cannot opt out. The funds are not permitted to compete by lowering premiums or attempting to micromanage care.

The French system allows for unlimited care, with no gate keeping mechanism or referral structure. To curb overuse and help with cost-containment, the co-payments for many services are relatively high. This strategy was soon recognized as a deterrent for the low-income in seeking care. In 2000, an additional program based on income was implemented to ensure that the poor received better access to care. The commitment to universal coverage is now widely accepted in France based on the belief that health insurance should be financed on the basis of ability to pay, not apparent risk.

Currently the total health care expenditure is at 9.4% GDP, among the highest in Europe. The PHI covers roughly 75% of all health expenditures, with services ranging from hospital care, outpatient services, prescription drugs, dental, vision, nursing home care. The remaining expenditures are shared through out-of-pocket expenses and private supplementary insurance. The idea of rationing healthcare is culturally unacceptable. The increasing role of supplementary health insurance allows the French system to avoid rationing. This extended insurance covers costs the PHI does not, most commonly the high dental and specialist co-payments. About 87% of the population opts to pay for supplemental insurance premiums, which range from national to occupation-based plans. An income ceiling gives low-income workers free supplemental insurance. Complete freedom of choice of provider also sets France apart from its social insurance based counterparts.

France enjoys the achievement of universal coverage, but there are still issues regarding quality and disparities in the distribution of services, and health outcomes by social class. Though not perfect, France demonstrates that it is possible to achieve universal coverage without a single-payer system or the exclusion of private insurance. France seems to have found a balance that is both functional and accepted, with indicators of high health status and consumer satisfaction.

Prepared By: Adam Dougherty

Resources:

Rodwin, V., PhD, MPH, The Health Care System Under French National Health Insurance: Lessons for Health Reform in the United States, *American Journal of Public Health*, Jan 2003, Vol. 93, No. 1, pp. 31-37

Green, D., Irvine, B., Health Care in France and Germany: Lessons for the UK, *Civitas: Institute for the Study of Civil Society*, 2001

Franc, C., Perronnin, M, Pierre, A., Private supplementary health insurance: retirees' demand, *Institut de recherche et documentation en economie de la sante*, April 2008