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Annual National Report 2009

Pensions, Health and Long-term Care

France

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Disclaimer: This report reflects the views of its authors and these are not necessarily those of either the European Commission or the Member States.

On behalf of the
European Commission
DG Employment, Social Affairs and Equal Opportunities

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1 Executive Summary

Overall, the structure of the French pension system has not changed radically in 2008. The main measure legislated in the largest statutory scheme – the régime general – has been the gradual increase in the duration of insurance from 40 years in 2008 to 41 years in 2012. At the end of March 2009, the social partners have also decided to maintain the rules that currently govern indexation mechanisms in Agirc and Arrco, two supplementary schemes that constitute a large part of pensioners' incomes. A number of measures aiming at promoting longer working lives have also been implemented, but they remain insufficient if France is to reach the Lisbon employment rate targets. Social science research has shown that legislative changes curbing opportunities for early retirement have had a negligent effect on the employment of the elderly. The labour market participation of the elderly has been at the center of recent political debates on the evolution of the French pension system. The idea of increasing the statutory retirement age has been gaining momentum in recent months. Other important changes that are being considered by pension experts but also by political elites are a reform of "family advantages", i.e. pension bonuses offered to pensioners who have had children or to widow(er)s, as well as the replacement of all existing pay-as-you-go schemes by a single notional defined-contribution (NDC) system. While an NDC system would certainly improve the transparency of the French pension system, it is doubtful whether such a system will be capable of ensuring adequate pensions for the increasing number of workers employed in non-standard work arrangements.

France is used to alternate pension and health care reforms. Important years for pension reforms have been 2003 and 2007/2008, when 2004 has been a very important year for health care reforms. In 2008, no important reforms have been implemented in health care (due to the preparation of the presidential elections in spring 2007 and the important pension reforms in fall 2007 and in spring 2008 – RDV 2008 – presented in the pension section). In late 2007 and in 2008, various measures have mainly been aimed at finding new resources for avoiding the health insurance deficit to grow too importantly. However, a new important structural reform has being prepared and discussed. However, the discussion of this new reform "Hôpital, patients, santé, territoire" has constantly been postponed and has been presented to the Parliament only in Spring 2009, and is still not adopted in May 2009. This project has been subjected to many criticisms, especially from the medical profession, who went several times on strike and demonstration to oppose some main elements of this reform. Little by little, most of its planned content has been soften to respond positively to the doctors' anger. It is planned that this new law will further push decentralisation within the French Health care system, by the creation of new Regional Health Agencies, in charge of the health policy at the regional level.

2 Current Status, Reforms as well as the Political and Scientific Discourse during the Previous Year

2.1 Pensions

2.1.1 Overview of the system's characteristics and reforms

The French pension system is characterised by a very high degree of occupational fragmentation.

The scheme that covers the largest population is the general private-sector pension scheme (the so-called *régime général*), which covers all wage-earners of the private sector (around 60% of the workforce). This first pillar provides basic defined-benefit pensions which are financed by social security contributions calculated as a percentage of gross wage (14.95% up to a certain ceiling and 1.7% without a ceiling in 2008). Benefits are calculated on the basis of the annual average wage of the 25 years of highest pay, of the duration of insurance as well as of a replacement rate which is itself dependent on the duration of insurance and on the age of the insured person (with a maximum rate of 50%). The minimum retirement age in *régime général* is set at 60. However, since the 2003 Fillon reform, workers who have started to work before age 16 or age 17 and who have a long contribution record (42 years) [1] have possibility to retire at age 58 and draw a full pension from *régime général*.[2] While the duration of insurance required to get a full benefit was set at 40 years (or 160 trimesters in 2008), the Government has decided – as part of the "rendez-vous 2008" planned by the 2003 Fillon reform[3] – to increase this duration each year by one trimester between 2009 and 2012 (See table 1).

Table 1: Duration of insurance required to get full pension

Year	Trimesters
2009	161
2010	162
2011	163
2012	164

In addition to this statutory scheme, wage-earners of the private sector must also become registered with a mandatory supplementary pension scheme (*régimes complémentaires obligatoires*). Since the *régimes complémentaires* were established by collective agreements, social partners have an exclusive responsibility for their day-to-day management. Like the *régime général*, these schemes operate on a pay-as-you-go basis. Contributions are paid to independent pension institutions which have to comply with rules set by two federations managed by the social partners. The first federation, ARRCO[4], regroups all the institutions which subsidise complementary retirement benefits for all employees. The second federation,

[1] For a more detailed description of the scheme, see ALBERT, Christophe, «2004 à 2006, trois ans de retraite anticipée au régime général», Retraite et Société, 54, June 2008, pp. 160-182.

[2] This scheme is called "retraite anticipée pour longue carrière".

[3] See PALIER, Bruno, NACZYK, Marek and MOREL, Nathalie,«Review of the National Strategy Report on Social Protection and Social Inclusion 2008-2010. France», October 2008.

[4] Association des Régimes de Retraites Complémentaires.

AGIRC[5], supervises pension institutions which finance supplementary pension benefits for managers (the 'cadres'). Thus, managers get different benefits and have to pay different contribution rates from other wage-earners. The supplementary schemes are so-called "point schemes." Participants in the schemes earn pension points based on their individual earnings as well as on a "price of the point"[6] in return for the contributions they pay into the system. The pension points are filed in the records of the pension manager during the participant's career and at retirement the supplementary pension benefit is calculated by multiplying the sum of the pension points by a "pension-point value"[7].The value of the "price of the point" and the "pension-point value", both of which determine the level of the pension received, is regularly modified by the social partners, after taking into account changes in the overall economic and demographic situation. Since the beginning of the nineties, the social partners have decided to reduce the purchasing power of Arrco/Agirc benefits, by bringing about changes in the indexation of the "price of the point" and of the "pension-point value"[8]. In 1993, the social partners decided to index the "price of the point" to a much higher value than the wage inflation, while it had traditionally been indexed to that indicator. This means that the acquisition cost of Arrco/Agirc pension points is much higher for current workers than it was for previous cohorts. Moreover, the social partners decided to decrease the value of the point by indexing it to price inflation rather than to wage inflation. Between 2003 and 2008, the price of the point was indexed again to the evolution of the average wage, but the pension point value continued to be indexed to price inflation.

Traditionally, the retirement age at Arrco and Agirc has been set at 65. However, given that the statutory retirement age (i.e. in the *régime général*) was set at 60 in 1982, social partners negotiated the possibility of drawing a full supplementary pension at age 60. Since the 2003 Fillon reform introduced early retirement at age 58 for workers with full contribution records, the social partners have negotiated the possibility for workers to receive an Arrco or an Agirc pension without a cut in the benefit level, from the moment when the full statutory pension is drawn.

Arrco and Agirc have been recently at the centre of attention, as the social partners have been negotiating since January 2009 the renewal of the collective bargaining agreement that sets out the current principles governing the indexation of the "price of the point" and the "value of the point"[9]. On 23 March 2009, the current agreement governing Arrco and Agirc has been prolonged. As a result of the agreement, the price of the point will continue to be indexed on wage inflation, while the value of the point will continue to be indexed on price inflation. Therefore, future pensioners will get a lower amount of benefits for the same amount of contribution paid. The social partners have decided not to increase contribution rates.

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5 Association Générale des Institutions de Retraites des Cadres.

6 See next footnote.

7 The pension benefit *P* is equal to the number of pension points acquired during the working period multiplied by the "pension point value" *PV*. Pension points are calculated by multiplying the reference wage *W* by the contribution rate *CR* and by dividing these two elements by a "price of the point" *PP* whose value is changed regularly by Agirc and Arrco. The full pension is obtained at age 60, but benefits can be drawn from age 55 by applying a "reduction coefficient" *RC*, which depends on the retirement age and the total contribution period. The benefit formula can thus be represented as follows:

$$P = \left(\Sigma \frac{(W * CR)}{PP} \right) * PV * RC(\text{age, contribution period}) .$$

8 See WILLARD, Jean-Charles,«Pilotage des régimes en points: le cas de l'Agirc et de l'Arrco», Retraite et Société, n°56, 2008-4, pp. 194-201 and D'YVOIRE Arnaud «Une technique au service des partenaires sociaux: l'exemple de l'Agirc et de l'Arrco», Lettre de l'Observatoire des retraites, n° 14, March 2005.

9 i.e. the 13 November 2003 agreement. See http://www.agirc-arrco.fr/documentation/textes-agirc-et-arrco/.

Retirement age in Arrco and Agirc – which was at the centre of the negotiations[10] – also remains unchanged.

The principles regulating old-age pensions are different for other categories of workers. Farmers (3% of the workforce) and the self-employed (12%) also receive a defined-benefit basic pension, calculated on the basis of an annual average income (instead of an annual average wage). However, the first pillar in these schemes is much more heavily subsidised by the state budget than the *régime général*. Until recently, most of the self-employed did not draw pensions from a second pillar. The 2003 Fillon reform has altered this state of affairs: all the self-employed (including farmers) now have to pay additional social security contributions in order to receive a supplementary defined-contribution pension in the future.

The organisation of the pension system for public sector employees has traditionally differed considerably from private sector schemes, as generous retirement benefits have always been guaranteed by a single pillar. Each category of public sector employees (20% of the labour force) must join a specific pension plan. The degree of fragmentation along occupational lines is very high for these pension arrangements[11]. Although all pension arrangements have their own rules, they share significant characteristics. All of them are PAYG and offer defined-benefit pensions. Benefits are calculated on the basis of the wage earned during the last six months of the worker's career and the maximum replacement rate is fixed at 75%. Rights are acquired after a minimum contribution period of 15 years. While the length of insurance required to get full benefits is the same in civil servants' pension schemes as in the *régime général* (i.e. 40 years in 2008), it continued to be lower for members of so-called *régimes spéciaux*[12] (37.5 years in 2008). This situation has been modified by the 2007 reform of the *régimes spéciaux*, which will gradually increase the contribution period to 40 years by 2012.

The specific architecture of the French pension system has not left much space for the development of fully-funded pension plans. As all statutory benefits are earnings-related, be they provided by a single pillar or by two different pillars, pensioners have been generally able to maintain their income status. The 2003 Fillon reform has tried to promote the creation of private pension arrangements, by introducing a legal framework which allows for the creation of individual savings plans which are intended exclusively for pension savings and are available to all individuals, particularly to wage-earners. Coverage by different funded pension schemes has been steadily growing in recent years[13]. Individual retirement plans (PERP) cover approximately 2 million people on 31 December 2007 (compared to 1.88 million in 2006), while enterprise-level or industry-level voluntary pension schemes (PERCO) covered 334,000 people in 2007 (compared to 201,000 in 2006). Coverage by enterprise-level or industry-level mandatory defined-contribution (DC) pension schemes (art. 83) also increased to approx. 3,000,000 (while approximately 2,700,000 to 2,800,000 workers were covered by such schemes in 2006)[14].

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10 See section 2.1.2.

11 Civil servants and the military get benefits from the *Régime des Agents de l'Etat*, local government employees from the *CNRACL,* while people such as miners, rail workers, electricity and gas employees who are employed in state-owned firms or by the state are members of *régimes spéciaux*. Most of these schemes are managed directly by the responsible firm or organisation, while some of them are managed by an independent pension fund (CNRACL, miners, Opéra de Paris, Comédie Française, seamen, etc.).

12 i.e. special pension schemes covering people who are employed in state-owned firms or by the state – e.g. miners, rail workers, electricity and gas employees, Comédie Française, Opéra de Paris, etc.

13 For a presentation of these different schemes, see PALIER, Bruno, NACZYK, Marek and MOREL, Nathalie, «Review of the National Strategy Report on Social Protection and Social Inclusion 2008-2010. France», October 2008, pp. 8-10.

14 CROGUENNEC, Yannick, «L'épargne-retraite en 2007», Etudes et Résultats, Drees, n° 685, April 2009.

Early retirement has recently become an important issue in French retirement policy[15]. Given its impact on the financing of the pension system, increasing labour market participation of the elderly has become a Government priority. The 2009 bill on the financing of social security ("Loi de financement de la Sécurité Sociale - PLFSS- pour 2009")[16] has included a number of measures aiming at promoting longer working lives: a) increase in the pension bonus rate – surcote – to 5%; b) lifting of restrictions to the accumulation of remunerated employment with pension for pensioners aged 65 or more as well as on pensioners aged 60 or more who draw a full pension); c) in order to force companies to negotiate on older workers' employment, introduction of a 1% contribution on the wage bills of companies that will not have reached an agreement by 2010. However, quite unexpectedly, a right-wing Member of Parliament introduced an amendment to the bill which increased to 70 years the age at which private-sector companies can send a worker to retirement without having to ask for his or her consent. As a consequence of the reform, each employee will receive every year from age 65 a form from his or her employer in which he or she will have to say/decide whether he or she will want to continue working for another year.

Another important measure that may have an impact on labour market participation of elderly workers is the definition of "hard working conditions" ("pénibilité du travail") and the right to early retirement it is supposed to give rise to. The social partners have been conducting difficult negotiations on this issue since 2005, but these have broken down in July 2008. The social partners were about to reach an agreement on the definition of "hard working conditions" and on the measures that should be introduced to prevent work-related illnesses and to improve working conditions. However, the negotiations reached a deadlock on the issue of early retirement related to hard working conditions. Trade unions asked for the creation of early retirement schemes that would be financed by the companies themselves. Employers' associations offered to create a progressive retirement scheme (régime de départ progressif) that would allow workers to start working part-time 2 to 3 years before the normal retirement age with 60% of the former wages paid by the employer and 40% paid by the state. The ball is now in the Government's court, but it has not determined its priorities yet.

2.1.2 Overview of debates and the political discourse

Recent political debates on the evolution of the French pension system have centred around three main themes: the reform of "family advantages", the labour market participation of the elderly and a possible increase in the retirement age and, finally, the introduction of notional defined-contribution pensions.

During the last two years, the "Conseil d'Orientation des Retraites" has been preparing a report on family-related benefits within the French pension system. Currently, all pension schemes offer pension bonuses to pensioners who have had children. In the "régime général", mothers are offered a "length of insurance" bonus of two years per child ("majoration de durée d'assurance"). In the civil servants' schemes, women get a one-year length of insurance bonus for children born before 2004 if they stopped working for at least two years at birth. Finally, almost all schemes offer 10% pension bonus for people who have had at least three children[17]. Other family-related benefits include a means-tested pension bonus in the régime

[15] For a presentation of the different pathways to early retirement, see PALIER, Bruno, NACZYK, Marek and MOREL, Nathalie, «Review of the National Strategy Report on Social Protection and Social Inclusion 2008-2010. France», October 2008, pp. 5-8.

[16] http://www.assemblee-nationale.fr/13/dossiers/plfss_2009.asp. http://www.legifrance.gouv.fr/affichTexte.do?cidTexte=JORFTEXT000019942966.

[17] For a general description, see http://www.observatoire-retraites.org/index.php?id=118.

général ("assurance-vieillesse des parents au foyer"[18]) as well as widows' or widowers' pensions.

In the report it released in December 2008, the COR[19] argues that such "family advantages" are necessary because they benefit those who have the lowest pensions. However, the report puts forward a number of measures that could be adopted by the Government to reform these advantages, including:

- reducing the two-year length of insurance bonus to a one-year bonus and in exchange for this to increase the pension amount of mothers by a flat-rate bonus (between EUR 100 and EUR 500 per child per year), which would be more advantageous for mothers with low revenues;

- suppressing the tax allowance on the pension bonus offered to parents of three children or more;

- transforming the pension bonus offered to parents of three children or more from an earnings-related bonus (10%) into a flat-rate one;

- offering the pension bonus currently offered to parents of three children or more to all parents.

The COR's propositions cannot be considered as a clear strategy for future reforms, but rather as a set of possibilities that can be debated by actors involved in the reform process. So far, there is no consensus on the measures that should be adopted. Trade unions are worried that employers are interested in reducing the overall amount of family-related benefits rather than in modernising them[20]. The National Union of Family Associations (UNAF), which is an important stakeholder in family policy has expressed its reservations against the propositions of the COR. Its president, François Fondard, has declared that "the two-year length of insurance bonus is essential for the level of women's pensions, which are lower by 40% than those of men."[21] So far, the Government has preferred to avoid expressing clear opinions about the issue, and as a consequence has not provided any blueprint for a reform of the system. However, it is very likely that a set of measures will be adopted in 2010[22].

The second major debate concerning the evolution of the pension system has revolved around the labour market participation of the elderly and the issue of the retirement age. These issues were raised during the "rendez-vous 2008" (i.e. the new round of reforms that was planned for 2008 by the 2003 Fillon reform) and during the negotiations in Arrco-Agirc. The lack of progress concerning labour market participation of the elderly has been used by trade unions as an argument to try to block the upward revision of the length of contribution (from 40 years to 41 years between 2009 and 2012) that was part of the "rendez-vous 2008". Unions argued that the Government could not raise the contribution length, if it did not offer the guarantee that elderly workers will be able to work longer in their current jobs or that they will be able to find new jobs, if they are unemployed. Unions also strongly criticised the amendment to the bill on the financing of social security which increased to 70 years the age at which private-sector companies can send a worker to retirement without having to ask for

[18] For a detailed description, see: http://www.cor-retraites.fr/IMG/pdf/doc-764.pdf.

[19] CONSEIL D'ORIENTATION DES RETRAITES, «Retraites: droits familiaux et conjugaux», *Sixième Rapport*, December 2008 (http://www.cor-retraites.fr/article339.html).

[20] See for instance, La Croix, 7 August 2008, "Certains avantages familiaux risquent d'être mis sur la sellette".

[21] Les Echos, 17 December2008, "Avantages familiaux de retraite : un dossier explosif pour le gouvernement".

[22] Les Echos, 17 December 2008, "Avantages familiaux de retraite : un dossier explosif pour le gouvernement".

his or her consent[23]. On the contrary, France's main employer association, MEDEF, has been arguing that in order to raise employment rates among the elderly, it is necessary not only to raise the contribution length, but also to raise the legal retirement age from 60 years to 62 or even 63.5. MEDEF argues that such a measure would have an unequivocally positive effect on employment rates among the elderly, as it would change workers' and companies' expectations and thus provide an incentive for companies to invest more in elderly workers[24].

MEDEF raised again the retirement age issue during the Arrco-Agirc negotiations that took place from January to March 2009. The employers' association asked for an increase in the retirement age at Arrco-Agirc from 60 to 61 years, which would be gradually implemented between 2011 and 2014. In the text it submitted for negotiations, MEDEF also proposed to invite the Government to "undertake a reform of the age parameter in the régime général by the end of 2010"[25]. Thus, the MEDEF wanted to change the retirement age in Arrco-Agirc in order to force the Government to change the retirement age in the régime général[26]. Trade unions[27] have in majority opposed MEDEF's proposition. They refuse to disconnect the retirement age in Arrco-Agirc from the retirement age in the régime général. The only trade union that was ready to accept to discuss the retirement age issue was the CFE-CGC, which represents mostly managers ('cadres')[28]. Even though the final agreement did not include a change in the retirement age, changes in this parameter cannot be excluded in the future, as in the final version of the agreement the social partners have called on the Government to convene a round of negotiations in 2010 that "will allow the re-examination of all parameters (…) : the retirement age, the contribution length, the contribution rates and benefit levels". After the negotiations, Jean-René Buisson, a pensions expert at MEDEF, said that "the debate has ripened" during the last few months and that "a structural reform" is not excluded for next year[29].

A shift to a notional-defined contribution system (NDC) system has been the third major of public debate. While the idea of replacing current pension schemes by a single NDC system had already been proposed in the past by right-wing politicians such as Alain Madelin or François Bayrou but also by Laurence Parisot, MEDEF's president[30], the issue gained momentum in 2008 after two French economists, Antoine Bozio and Thomas Piketty, who are generally considered to be close to left-wing political organisations, published on their own initiative a report in which they argue that the French pension system needs to be profoundly

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23 See for instance: http://www.cfdt.fr/rewrite/article/15838/actualites/protection-sociale/retraites/l--amendement-retraite-a-70-ans--est-inacceptable.htm?idRubrique=6880.

24 At the MEDEF's request, the COR (Conseil d'Orientation des retraites) has asked the CNAV (Caisse Nationale d'Assurance-Vieillesse) to make projections about the impact of an increase in the retirement age from 60 to 62 years. The projections show that a rise in the retirement might reduce the total pension expenditures by EUR 3.4 or EUR 3.7 billion in 2020 and between EUR 1.7 and EUR 2.1 billion in 2050. If the impact on the collection of contributions is also taken into account, the total savings might amount to EUR 4.4 or EUR 4.8 billion in 2020 and between EUR 3.5 and EUR 3.9 billion in 2050 (see: http://www.cor-retraites.fr/article331.html).

25 Les Echos, 23 March 2009, «Arrco-Agirc: les syndicats hostiles aux nouvelles propositions du MEDEF».

26 http://www.medef.fr/main/core.php?pag_id=137032; http://www.medef.fr/main/core.php?pag_id=135598.

27 Confédération Française Démocratique du Travail (CFDT): http://www.cfdt.fr/rewrite/heading/6880/actualites/protection-sociale/retraites.htm?idRubrique=6880 ; Force Ouvrière (FO): http://www.force-ouvriere.fr/page_principal/communique/index.asp?rec=o&id=1614&p2=&p1=e&offset=30&fl=2009 ; Confédération générale du travail (CGT): http://www.cgt.fr/spip.php?article35839; http://www.cgt.fr/spip.php?article35868.

28 http://www.cfecgc.org/e_upload/pdf/propositionscgcjuin08.pdf ; http://www.cfecgc.org/ewb_pages/a/actu_1673.php.

29 Le Figaro, 24 March 2009, "Retraites complémentaires: rendez-vous en 2010".

30 BICHOT, Jacques, "Retraites: et pourquoi pas un régime unifié par points ?", Les Echos, 9 Oktober2007.

reformed[31]. In their opinion, the French pension system is too complex because of too high a degree of fragmentation along occupational lines and because it has too many tiers. They argue that instead of breeding a feeling of security among workers it ends up being a source of fear and insecurity. The authors propose to replace all existing schemes by a single NDC (notional defined-contribution) scheme for all workers (public sector, private sector and non-wage-earners). The authors acknowledge that the new Swedish pension system is their main source of inspiration, but contrary to the Swedish model, Bozio and Piketty do not defend the introduction of mandatory individual retirement savings. The upshot of the reform would be that the pension system would become much more transparent and that it would be better suited for a flexible labour market. The authors also emphasise the fact that such a system does not preclude redistribution, and that, on the contrary, it makes it more transparent and better targeted. Bozio's and Piketty's report rapidly attracted the attention of policy-makers, after the authors published an op-ed article in Le Monde[32].

The fact that the Conseil d'Orientation des Retraites (COR) has been asked by the Parliament[33] to assess the impact of the introduction of a system similar to the one proposed by Bozio and Picketty is a clear indication that the issue is now high on the agenda. The COR has started to work on the topic in January 2009 and a report, which contain different scenarios on how to make it technically possible to shift to an NDC system, should be presented by February 2010. A number of organisations have already expressed their support for the introduction of such a system: the MEDEF, France's main employers' organisation, as well as the UMP, the majority party[34]. Even though no official has statement has been issued so far by the Socialist Party, Pascal Terrasse, an MP who is member of the COR, has said that he is "rather in favour of a point system, which is transparent."[35] "It is worth having a look at it. It will allow us to weigh up the pros and cons of each system." So far, trade unions' reactions are less enthusiastic. Jean-Louis Malys, a pensions expert at the CFDT trade union and a member of the COR has said that "the current system is more and more opaque. The "point system" has the advantage of being easy to understand: one can know anytime which benefit level one can expect from the system. The drawback is that it does not really promote solidarity. It should be corrected by shock absorbers, in order to take into account spells of unemployment, sickness or maternity."[36] Jean-Christophe Le Duigou, CGT's main pensions expert and a member of the COR, has declared that he is worried that "one might try to take advantage of such a reform to erase all elements of redistribution within the system".[37.] Stakeholders' official reactions can be expected once the COR's report will be officially published.

31 BOZIO, Antoine and PIKETTY, Thomas, «Pour un nouveau système de retraite. Des comptes individuels de cotisations financés par répartition», Paris, Editions Rue d'Ulm/Presses de l'Ecole Normale Supérieure, 2008.

32 BOZIO, Antoine and PIKETTY, Thomas, "Pour une refonte générale de nos régimes de retraite", Le Monde, 12 April 2008.

33 Les Echos, "Retraites : des pistes de réforme face à un deficit qui explose", 21 January 2009.

34 See for instance: http://www.u-m-p.org/site/index.php/ump/s_informer/discours/discours_de_jean_francois_cope_convention_sociale.

35 Les Echos, "Retraites: des pistes de réforme face à un deficit qui explose", 21 January 2009.

36 Les Echos, "Retraites: des pistes de réforme face à un deficit qui explose", 21 January 2009.

37 Les Echos, "Retraites: des pistes de réforme face à un deficit qui explose", 21 January 2009.

2.1.3 Impact assessment

The most recent analyses of the financial sustainability of the French pension system are those presented by the COR in November 2007[38]. The short term financial situation of the pension system was worse in 2007 than had been projected in 2003. The *régime général* (trade and industry private-sector wage-earners' scheme) showed deficits (EUR 4.6 billion in 2007, expected EUR 5.6 billion in 2008), contrary to the surpluses that had been projected by the COR in 2006[39]. These deficits were due to a large extent to unexpectedly high expenditures on the newly introduced early retirement scheme offered to people who have started working at age 14-16 and who have already a long contribution record ("retraite anticipée pour longue carrière"). These recurring deficits have not allowed the Government to increase its contribution (only EUR 1.8 billion in 2007) to the FRR buffer fund (Fonds de réserve de retraite). At the end of 2007, the FRR had accumulated only EUR 34.5 billion. According to recent projections[40], the fund will have accumulated at best 6% of GDP in 2020, and if that sum is to be spent in a 30 year time span, the fund will contribute only 0.2% of GDP annually to the French pension system[41].

The 2007 projections on the evolution of the mid-term financial situation of the pension system were less optimistic than those presented in the COR's third report[42]. According to COR, the borrowing needs of the system (*besoin de financement du système*) will reach 1% of GDP in 2020, instead of the 0.8% projected in 2005. The system will be running higher than expected deficits between 2006 and 2015. This is due to a revision of the assumptions concerning the effects of the 2003 reform on the evolution of activity rates (its effects are now seen as progressive rather than direct). Finally, COR's long-term projections showed an improved situation compared to that presented in 2006: instead of reaching 3.1% of GDP in 2050, the borrowing needs of the system will reach 1.7% in the same year. This is due to a revision of the National Institute for Statistics (INSEE)'s and COR's assumptions concerning: a) the evolution of the size of the French workforce due to higher fertility rates (1.9 instead of 1.8) as well as higher annual net migration (+ 100,000 instead of + 50,000); b) life expectancy (83.8 for men in 2050 instead of 84.3; 89.0 for women instead of 91.0). Thus, the dependency ratio would reach 69% in 2050 instead of 78%.

To date, no projections have been made that would take into account the impact of the financial crisis. However, it is very likely that the assumptions on which the COR's latest projections were made will have to be changed. The Government has already made it clear that the deficit of the social security system will increase in the next two or three years[43]. The financial sustainability of Arrco and Agirc schemes has also been affected by the crisis. While they were supposed to remain in equilibrium until 2018 thanks to the financial reserves they

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38 CONSEIL D'ORIENTATION DES RETRAITES, «Retraites: 20 fiches d'actualisation pour le rendez-vous de 2008», *Cinquième Rapport*, November 2007 (see: http://www.cor-retraites.fr/article321.html).

39 CONSEIL D'ORIENTATION DES RETRAITES, «Retraites: perspectives 2020 et 2050», *Troisième Rapport*, March 2006.

40 CORNILLEAU, Gérard, STERDYNIAK, Henri, «Retraites, les rendrez-vous de 2008», *Lettre de l'OFCE*, n°297, 11 April 2008, p. 7.

41 The situation is different for the Agirc and Arrco schemes where the social partners have managed (by raising contributions and by changing indexation mechanisms) to generate annual surpluses, which are invested in financial products and will be used to deal with future imbalances due to ageing.

42 CONSEIL D'ORIENTATION DES RETRAITES, «Retraites: perspectives 2020 et 2050», *Troisième Rapport*, March 2006.

43 Le Monde, "La mauvaise conjoncture creuse le déficit de la Sécurité sociale", 13 November 2008; Reuters, "Déficit de la Sécurité Sociale attendu à 17-18 milliards en 2009", 18 March 2009.

have accumulated over time[44], they have been forced to use them to finance the deficit caused by the crisis. The direct consequence of the fact that contributions have not been increased in recent negotiations is that these reserves might run out by 2015. The real impact of the crisis on the long-term financial sustainability of the system will be provided when the COR will publish its next projections, which are expected for April 2010[45].

With regard to the development of replacement rates, the most recent official projections date back to November 2007[46]. While workers born in 1934 and who had a full contributory record at retirement on average received 83% of their previous earnings, when combining benefits from *régime général* and Arrco/Agirc (DREES 2004)[47], the 1993 and 2003 pension reforms – but also changes in the indexation mechanisms in Arrco-Agirc - will negatively affect the pension income of workers in the private sector. According to recent Government projections[48], the net replacement ratio will decline from about 83.6% (55.9% from *régime général* and 27.6% from Arrco) for a standard worker[49] retiring in 2003 to about 76.8% (51.8% from *régime général* and 25% from Arrco) in 2020 and 73.5% in 2050, assuming a more generous indexation in Agirc and Arrco than the one introduced by the social partners in the mid-nineties[50]. In case the unfavourable indexation mechanisms in Arrco were to be maintained, the net replacement ratio would decline to about 75.6% (51.8% from *régime général* and 23.8% from Arrco) in 2020 and 64.4% in 2050 (50.1% from *régime général* and 14.3% from Arrco). These figures show that depending on the decisions that will be made by the social partners changes in indexation mechanisms in Agirc-Arrco may have stronger effects than reforms of the régime général.

Labour market participation of the elderly has become one of the main issues French policy-makers have to deal with in order to improve the financial sustainability of the pension system. As shown in the French National Strategy Report 2008-2010 (p. 52)[51], the effective retirement age (*âge de la liquidation de la pension*) has decreased from 61.4 in 2003 to 60.7 in 2006. This trend is indeed due to a high take-up rate in the early retirement scheme for long careers ("retraite anticipée pour longue carrière"). As this scheme has been particularly popular among men, the proportion of men going into retirement at age 60 has dropped from 71% in 2003 to approximately 50% in 2006[52]. The effective retirement age of men (60.7) is currently lower than that of women (61.7) (idem). The same goes for the average exit age from the labour force (58.5 for men; 59 for women, OECD data, 2007). These differences are attributable to the fact that many women decide to work longer as they generally don't reach the required contribution length (40 years) to get a full pension at age 60.

The measures that were introduced by the 2003 Fillon reform (and further expanded by the Plan for the employment of senior citizens "2006-2010", see p. 41 of the French NSR 2008-

44 http://www.agirc-arrco.fr/fileadmin/agircarrco/documents/dossiers_articles/situation_retraite_complementaire_COR.pdf

45 http://www.cor-retraites.fr/article3.html.

46 CONSEIL D'ORIENTATION DES RETRAITES, «Retraites: 20 fiches d'actualisation pour le rendez-vous de 2008», *Cinquième Rapport*, November 2007 (see: http://www.cor-retraites.fr/article321.html).

47 On average they received 49% of their previous earnings from régime général, 26% from ARRCO and 8% from AGIRC. Workers earning less than EUR 1250 at retirement could even count on net replacement rates of more than 90%.

48 CONSEIL D'ORIENTATION DES RETRAITES, «Retraites: 20 fiches d'actualisation pour le rendez-vous de 2008», *Cinquième Rapport*, November 2007, p. 64.

49 i.e. with a contribution record of 40 years.

50 i.e. «price of the point» indexed on wages, and «value of the point» indexed on prices.

51 French Government, "National Strategy Report on Social Protection and Social Inclusion 2008-2010".

52 CONSEIL D'ORIENTATION DES RETRAITES, «Retraites: 20 fiches d'actualisation pour le rendez-vous de 2008», *Cinquième Rapport*, November 2007, p. 20.

2010) in order to promote longer working lives ("surcote" – pension bonus, "cumul emploi-retraite", "retraite progressive" – progressive retirement) have only had modest effects. As has been shown by a recent study[53], the "surcote" (pension bonus) has attracted only 5% of wage-earners in 2005, 6% in 2006 and 7.6% in 2007. Before the introduction of the "surcote", 7% of the insured decided to work after they had already reached the required length of contribution required to get a full pension. Given the relative failure of existing policies to increase labour market participation of the elderly, the Government introduced a number of measures to promote longer working lives in the 2009 bill on the financing of social security (see section 2.1.1). At the moment no assessment can be provided for the measures that have been introduced this year.

2.1.4 Critical assessment of reforms, discussions and research carried out

One of the main challenges in the French pension system is to increase labour market participation of the elderly remains. This is vital to ensure the financial sustainability of the system, but also to ensure the adequacy of pensions of future beneficiaries. In a situation in which workers are asked to contribute for 41 years or more in order to get full benefits and in which youths enter the labour market later than they did in the past, it becomes a necessity to work longer. The French Government has introduced a number of measures tighten eligibility to early retirement schemes and provide incentives for postponing retirement. However, these measures have so far proved insufficient to bring employment rates among the elderly to the 50% Lisbon target. The amendment which increased to 70 years the age at which private-sector companies can send a worker to retirement without having to ask for his or her consent has been judged 'symbolic' by Anne-Marie Guillemard, one of the main experts on early retirement policy in France[54], because, on the one hand, employment rates among elderly workers are already very low for those aged 55-59 and, on the other hand, the labour market is currently strongly affected by the economic crisis. Even though its possible impact is still debated (see part 2.1.2), an increase in the retirement age – and the symbolic impact that goes with it – may be a necessary step to increase labour market participation among the elderly.

Successive governments and the social partners have constantly repeated that they are committed to maintain PAYG pensions as the main source of income for current and future pensioners and to ensure that pensioners do not face social exclusion. However, there are certain inconsistencies between what is said and what is being done. While the French Government announced in its National Strategy Report that minimum pensions would be increased by 25% by 2012, this measure will in fact only be applied to single persons receiving the minimum pension. The poorest elderly couples have in fact not benefited from a 6.9% increase in the "minimum vieillesse" in 2009. The amount of the minimum vieillesse which was currently set at EUR 633.13 per month for a single person has been increased to EUR 676.81 in April 2009. However, the minimum benefit drawn by couples which is currently set at EUR 1135.78 per month has been raised only to EUR 1147.14.

The adequacy of pensions is very likely to become an important issue for future retirees. While the drop in future replacement rates remains relatively limited for standard workers in the régime général (see section 2.1.3), it will be much more serious for women and younger age cohorts who have much more flexible career patterns than average production workers. The assumption according to which future pensioners will have a 40 year contribution record

[53] ALBERT, Christophe, GRAVE, Nathanaël, OLIVEAU, Jean-Baptiste, «Surcote: les raisons d'un échec relatif», *Retraite et Société*, 54, June 2008, pp. 33-63.

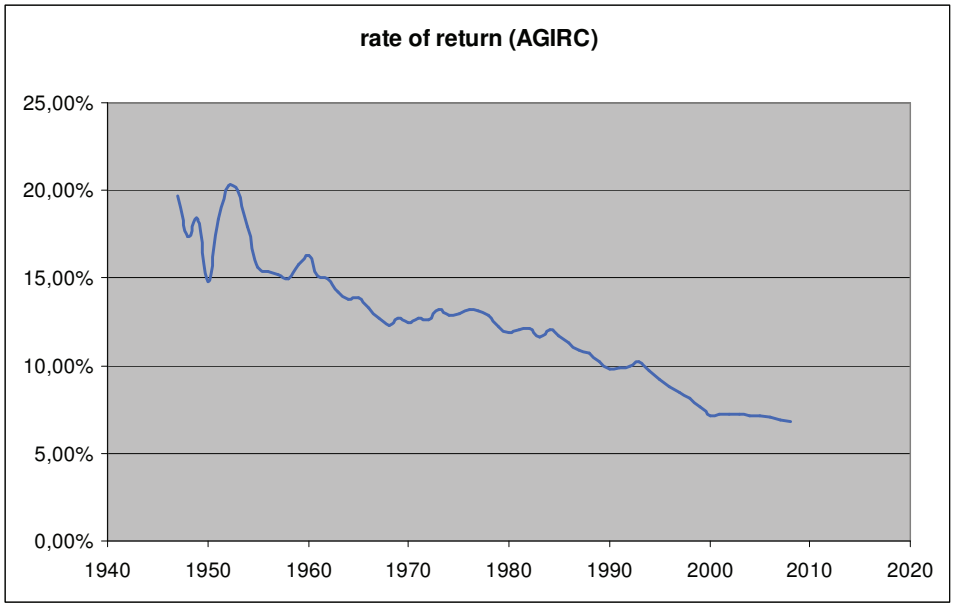
[54] Le Figaro, 26 January 2009, «Une mesure fictive dans le contexte actuel».

at retirement seems relatively unrealistic for the growing proportion of workers who enter the labour market relatively late or are employed under temporary contracts, especially if the retirement age is kept at age 60. Providing simulations of replacement rates for these groups of workers would certainly help develop a better strategy to ensure the adequacy of pensions for them, be it based on changes in the parameters of the pension system or on labour market reforms.

COR's projections on replacement rates also show the necessity to pay attention to developments in the Arrco-Agirc pension schemes. If the current indexation mechanisms of the price of the point and of the pension point value are maintained by the social partners, these schemes will offer very low benefits in the future (see section 2.1.3). The initial aim of this indexation strategy was to create financial reserves which will be used when baby-boomers start to retire, by keeping the schemes' budgets in surplus so long as the demographic situation was still favourable. However, through their decisions the social partners have considerably decreased the rate of return the insured get from these schemes – i.e. the pension amount the insured can get for the contributions they have paid into the scheme[55]. While at the beginning of the 1960s, the insured got EUR 0.15 of pension benefits for EUR 1 of contributions paid into the scheme, they now get approximately EUR 0.07 for the same amount of contributions (see table below).

This strategy clearly begs the question whether it is fair to ask workers to pay increasingly higher contributions while getting increasingly less in terms of benefits. Trade unions such as the CFE-CGC are now asking for a stabilisation of the rate of return in Agirc-Arrco, mainly because of their concerns about the adequacy of future pensions. Another problem associated with the strategy followed by the social partners is its lack of transparency for the insured. It is doubtful whether the insured are able to understand the impact of the changes in the Agirc-Arrco indexation mechanisms on their future benefits. The pension formula in these schemes is extremely complex (see footnote 7) and it does not promote the feeling of security and stability that is needed for workers to plan their retirement.

Figure 1:



Source: own calculations, data gathered from Agirc, Arrco and pro-btp (http://www.probtp.com) websites

[55] Rate of return = PV/(PP*calling rate) See footnote 7.

Lack of transparency is in fact a more general problem in the French pension system. Major efforts have been made in recent years to improve access to adequate information by the insured. From July 2007, workers have been regularly receiving information sheets showing the pension rights they have been able to accumulate in the different compulsory pension schemes. The first experimental information campaign that took place in 2007, targeted two cohorts, the one born in 1949, and the one born in 1957. 28 out of the 36 pension administrations participated in it. From 2011, all administrations should participate and the insured should get letter information sheets at age 35, 40, 45, 50 and a sheet with an estimation of their future pension at age 55. This campaign help improve individuals' knowledge about their pension rights. However, no assessment has been made of the impact of the information campaign on individuals' competency with regard to pensions. Moreover, even if such efforts are made, the overall architecture of the system remains very complex. This is one of the main reason why the idea to merge all schemes into a single NDC scheme is gaining momentum among policy-makers.

The benefits and the costs of a transition to an NDC scheme have already been widely discussed among pensions experts. Such a reform would certainly bring a well needed simplification of the French pension system. However, two issues may prove to be a real obstacle for the implementation of such a system. The first issue is whether the trade unions will be willing to accept such a radical transformation. An NDC system would de facto strip them from their involvement in the management of the system, which is currently very important, particularly in Agirc and Arrco. It is very unlikely that the trade unions will be ready to accept a system that considerably reduces their bargaining power. The second issue is whether in the long term an NDC will prove the right solution for providing workers with adequate incomes in retirement. In a context in which an increasing number of workers are employed in non-standard working arrangements and have to experience many spells of unemployment, it becomes increasingly difficult for a large part of the workforce to contribute to the pension system and even to benefit from non-contributory periods. Even if pensioners could get 'free' contributions for non-contributory periods such as unemployment, maternity, etc. – as suggested by Bozio and Piketty –, a large proportion of the workforce – which arguably is the one that is most needy – might end up not benefiting from such redistributive elements. For instance, workers employed on fixed-term contracts who experience many spells of unemployment often fail to qualify for unemployment benefits and as a result decide not to become registered as unemployed. If the issue of adequacy is to be taken seriously in the French pension reform debate, more attention should be paid to the link between workers' status in the labour market and their status in terms of social protection.

2.2 Health

2.2.1 Overview of the system's characteristics and reforms

System's characteristics[56]

In France, the supply of health care is partially private (primary or ambulatory health care, certain hospitals or clinics – around 20% of the beds), and partially public (80% of hospital beds, but very few primary health care centres). It guarantees the patient's free choice of a

[56] This presentation of the system's characteristics is based on: DUPEYROUX, Jean-Jacques, BORGETTO, Michel, LAFORE, Robert, , "Droit de la sécurité sociale", *Dalloz-Sirey - Collection Precis dalloz*, (16th edition), Paris 2009; and PALIER, Bruno, , *La réforme des systèmes de santé*, Paris, PUF, Collection Que sais-je? (4th edition), 2009.

doctor, as well as the status of the liberal practice of medicine. In France, ambulatory care includes both general practitioners and specialists. A ratio of 49% of the doctors in the ambulatory care sector are specialists. The compartmentalisation between ambulatory and hospital medicine is very marked, with the risks of a lack of coordination, of redundancy or even of contradictions in treatment. The number of hospital beds remains extremely high in France (4.3 beds for acute cases per 1,000 inhabitants)[57].

Expenses are mainly assumed by the different health insurance funds and financed by social contributions. It is financed by 19 basic sickness insurance funds, among which the CNAMTS (*Caisse Nationale d'Assurance Maladie des Travailleurs salaries* - National Sickness Insurance Fund for the Salaried Workers) is the most important one, covering 80% of the population. Basic sickness insurance funds are compulsory but do not cover all the costs, and are thus complemented by mutual health insurances, private and facultative (but 85% of the French population have one).

To qualify for sickness insurance, the insured person must have worked a minimum number of hours in salaried employment during the period preceding the treatment. Each individual is supposed to be registered to the Health Insurance Fund corresponding to his occupation. The coverage has been extended in 1999 to everybody by the creation of the CMU (*Couverture Maladie Universelle* – Universal Sickness Coverage), an income-tested health insurance. Sickness insurance covers the insured and their dependants (spouse or common-law husband or wife, and children under 16, or 20 if they are still in full-time education or are disabled).

Cash benefits (*prestations en espèces* or *indemnités journalières*) are intended to compensate for loss of earnings because of inability to work due to sickness. They are paid as from the third day of sick leave (*délai de carence*) for a maximum period of three years. The sickness cash benefits of the *régime général* amounts to 50% of employees' gross wages up to a 'ceiling', and are regularly uprated (EUR 2,859 per month in January 2009). The level of wage replacement is supplemented either by the employers (depending on the result of collective bargaining) or by the complementary schemes (mainly *Mutuelles*).

Benefits in kind (*prestations en nature*) are delivered by the sickness insurance schemes through reimbursement for medical and pharmaceutical expenses, dental treatment, dentures, artificial limbs and so forth, and directly for hospital expenses. In ambulatory health care, provision is delivered on the basis of fee-for-service (*paiement à l'acte*). The fees for medical care and treatment are decided through agreement negotiated between the social security agencies (or funds) and medical practitioners' professional organisations.

For medical and pharmaceutical expenses, the insured person initially settles the bill out of their pocket and is then partly reimbursed. Medical care and treatment are reimbursed at up to 70% of the charge. The remainder (co-payment), known as the ticket *modérateur*, varies between 20% and 60% of the total expense; it has to be paid by the patient. This system is supposed to encourage people to moderate their demands. However, complementary insurance (*Mutuelles*) very often reimburses the cost of the ticket *modérateur*. Today, 85% of people pay for a complementary health care insurance.

When in-patient care is required, the insured person pays a daily fixed amount to cover the cost of food and accommodation (*forfait hospitalier* = EUR 16 per day in 2009). Since 2008, public hospitals receive funding based on their activity from the Regional Hospital Agencies (*Agence Régionale de l'Hospitalisation*) and the *Sécurité sociale* to cover their medical expenses.

[57] Source: OECD, Health data, 2008.

Reforms[58]

Since the beginning of the 1970s, in France, health care expenditures have increased much faster than the economy grew. The first main response to this trend has not been retrenchment, but has long been to increase social contribution paid to health insurance funds. By the mid 1980s, increasing the social contribution appeared an economic dead end, and attempts were made to limit the growth of health insurance expenditure and to reduce the deficits of the health insurance funds. Cost containment policies in the French health insurance system have two main aspects: the introduction of a capped budget for health expenditures and a decrease in health risk coverage.

In the 1980s conventional negotiations between the Government and medical professions took place, the Minister for Social Affairs tried to impose a 'global volume envelope' in order to try and link the growth of expenditure in ambulatory care to economic growth. This goal was accepted by the Sickness Insurance Fund (CNAMTS) which then negotiated with the medical unions in exchange for the creation of the so-called 'sector 2' (*secteur 2*). Doctors in this sector are able to charge higher fees than those reimbursed by the sickness funds (on "over-billing", see next sections), the difference being paid directly by the patient. But only one medical union accepted this system. The biggest union was clearly against it. Because of this opposition, the global volume envelope was never implemented. In 1983, a global budget for hospitals was introduced in an attempt to control costs in this sector.

After the 1988 presidential election the new Government, headed by Michel Rocard, wanted to negotiate regulation. This strategy also corresponded to a reorientation of regulation away from a financial to a medicalised logic, based on the medical evaluation of therapeutic activities. It was only introduced in the new convention signed in October 1993. An objective of cost growth was fixed (3.4%), as were "medical references". If a doctor did not conform with these therapeutic norms they could be penalised. But these changes were limited. The main point is that doctors could not be penalised automatically if the aimed fixed rate was overshot.

The limited effects of such negotiated cost containment policies in France explain the introduction of a capped budget for all health insurance expenditures in the 1996 reform ("*plan Juppé*") which imposed an annual vote on national health spending objectives (*ONDAM – Objectif National de Dépenses d'Assurances Maladie* – National Target for Sickness Insurance Expenditures) on every sector of the health insurance system (ambulatory and hospital care).

Meanwhile, the public coverage of health expenditures has decreased between 1980 and 2009, from 79.4% to 76% in general, but more specifically on ambulatory care expenditure (see below), because of the reduction of reimbursement rates for patients and of the creation of direct patient co-payments for health care services (creation of the hospital flat rate co-payment in 1982, increases in patients' co-payment for medical consultation, drugs and medical analysis). The 2004 reform again raised the co-payment for patients: it planned to increase the hospital fee by EUR 1 per year until 2007. It is now EUR 16 per day, it introduced a new one Euro co-payment for medical consultation (called "franchise" because it cannot be re-imbursed by the mutual insurances), and it implemented de-reimbursement of drugs. Unless a person is under acute care (and then almost fully covered), the level of patient

[58] This part on reform is partly based on HASSENTEUFEL, Patrick, PALIER, Bruno, "Comparing Health Insurance Reforms in Bismarckian Countries: Towards Neo-Bismarckian Health Care States?", in: PALIER, Bruno, and MARTIN, Claude, *Reforming the Bismarckian Welfare Systems* (co-edited with Claude Martin), Oxford, Blackwell, 2008.

co-payment was raised to 30% for medical consultation, to 40% for drugs and to 20% for hospitalisation. In 2008, new "franchises" were created on drugs (EUR 0.50 per box), biological exams and transportation (EUR 2 per act and per transport).

If patients have to pay more out of their pocket, doctors have benefitted from increase in the value of their fees. In 2002, France's GPs actually went on strike for higher fees (EUR 20 per consultation). The raising of the fees was accepted by the new Minister of Health, at a time when the deficit of the health insurance system was already growing. Since then, the fees for doctors have been regularly increased, to reach the level of EUR 23 per consultation for generalists, and EUR 27 for specialists in 2009.

Beyond trying to control costs, the Governments have also tried to re-organise the French health care system. In 2004, a new law on health insurance was voted by the French Parliament in a context of a huge deficit of the health insurance system (EUR 10.6 billion in 2003, 11.6 billion in 2004; 8.3 billion expected for 2005). This reform embodies no new constraint for doctors (for their activity, for prescriptions, or for installation) and gives specialists the right to get higher fees when patients go directly to them, without being transferred by a GP. The main effort is again being asked from patients, in the form of raising co-payments and taxes, and asking them to choose a "*médecin traitant*" (regular treating doctor) and see him/her first before doing anything else.

In France the 1996 reform made it possible for GPs to act as gatekeepers for patients who agree to contract with them (*médecins référents*). However, this system was replaced by another (*médecin traitant*) in 2004, geared towards making GPs the 'drivers' of patients in the health system. All French insured persons now have to choose their *médecin traitant* (it is usually a GP, but it can be a specialist). It will cost them more if they consult a specialist directly without being transferred by their regular GP. In 2009, the Health Insurance Fund has been reimbursing only 30% of the consultation fees when the visit to a doctor was not authorised by the médecin traitant.

In the hospital sector, trends of managerialisation of the hospital sector and the creation of new state agencies can be observed. In France, this managerialisation process began with the 1991 law. The purpose of the law was to make hospital regulation take into account the real activity of hospitals (importing into France the "Diagnosis Related Group" method from the US). With this reform each hospital's budget was to depend upon an evaluation of its activity and its prospective development, both to be negotiated with the state. Since the beginning of the 1990s, two new tools for evaluation have been introduced: the "Programme of Medicalised Information Systems" (geared towards evaluating the activity of each hospital and to introducing payment systems based on diagnosis related groups), and "Medical References" for ambulatory care (containing therapeutic norms and norms for prescription). The 1996 reform further promotes and generalises the evaluation of therapies in the health insurance system with the creation of a National Agency for Accreditation and Evaluation in Health (ANAES), recently incorporated within the new top authority on health (*Haute Autorité en Santé*), created in 2004. Regional hospital agencies (*Agences Régionales d'Hospitalisation*) have also been created to distribute budgets between hospitals, based on an evaluation of the performance of each hospital. These agencies also have the right to close inefficient hospitals after an accreditation enquiry.

The law entitled "*Hôpital, patients, santé, territoire*" (Hospital, patients, health and territory), presented by the Government at the end of 2008 and discussed in Parliament since Spring 2009 (and still not adopted end of May 2009) is a continuation of this decentralisation and regionalisation trend, as well as managerialisaiton of hospital trends. Since it is not adopted yet, this plan is discussed in the subsequent section.

2.2.2 Overview of debates and the political discourse

The main debate on the French health care system has been around the new law on *Hôpital, patients, santé, territoire*. In 2007 and early 2008, debates (within *EGOS – Etats généraux de l'Organisation de la Santé*) have been organised to prepare this new structural reform that was presented to Parliament in February 2009. It plans to create regional health authorities (*Agences régionales de santé*) in charge of the direction and coordination of health policies at the regional level, and to give more power to the hospital directors (this latter point being fiercely criticised by the medical profession, and progressively amended by the Government during parliamentary debates). The idea is to re-enforce the power of the hospital director, in order to better support a coherent policy and a better articulation between the various establishments (public and private) on the same territory. In the same direction, Regional Health autorities (*agences régionales de santé*) will be created on 1 January 2010. They will be in charge of the health policy at the regional level. They should coordinate and improve prevention policy; they should control and improve the territorial distribution of health professionals and try to better articulate ambulatory care and hospital. They would also be in charge of the control of the quality of health care by collecting the data on health and by improving of the professional practices. Brought under the authority of a new pilot of health policies to the regional level (with the image of a "prefect" for health), joining together various local administrations, the objective is to set up a true coherent policy of health at the regional level, including guaranteeing equal access to health care, a better effectiveness of the expenditure and a better distribution of the professionals on the territory. As said, this law has still not passed by the end of May 2009 because of the various protests by the medical professions, especially opposed to the attempt of restricting their freedom of settlement, or to the empowerment of hospital directors (who are not doctors but civil servants).

Another topic of discussion has been a reform of the coverage of long-term diseases (*affections de longue durée*) based on a parliamentary report published in November 2008 by MECSS (*Mission d'évaluation et de contrôle de la sécurité sociale*)[59]. French MPs in this report propose a profound reform of the way long-term diseases are covered in France. They propose a better targeting of the coverage of long-term diseases so that only very long and costly ones are covered at 100% of the costs by the health insurance. They also propose to improve the coverage of chronic diseases by prevention actions and therapeutic education, and a more equitable financial burden by promoting a "sanitary shield" so that the poorest would be prevented from paying higher than a limited amount of co-payment when sick.

In its annual report on the French social protection system[60], the *Cour des comptes* (Public Financial Auditing Court) underlined the recurrent problem of the deficit of Sécurité sociale, which is amounting to an increasing debt. In health care, it criticises the lack of will to really negotiate and regulate medical activities, a lack of clear targets before negotiation with the medical professions, and a lack of follow-up and control afterwards. It also criticises the consequences of a transfer of health care costs from public schemes to private ones (mutual insurances), which does not allow to control the development of total health expenditure (instead of controlling the overall development of health expenditure the Government just decided to diminish the level of public coverage and let the private sector catch up for the retreat of public coverage), and which is costly both for the state (through fiscal exemptions) and for households (via continuous increase in premiums). Finally, the Court criticises the increasing inequalities generated by this increasing role of private health insurance within the French health care system (see also section 2.2.3).

[59] http://www.assemblee-nationale.fr/13/rap-info/i1271.asp.
[60] http://www.ccomptes.fr/fr/CC/Sommaire-20.html.

2.2.3 Impact assessment

The last report of the *Commission des comptes de la Sécurité sociale* (published in September 2008) states that the deficit of the compulsory health insurance was EUR 5.9 billion in 2006, 4.6 billion in 2007, and might be 4.0 billion in 2008 (projection) and 7.6 billion in 2009 (projection). In May 2009, it stated that the deficit was 4.4 billion in 2008, and also showed that the development of health expenditure in early 2009 was following the rate planned for 2009 by the Financial Law on Social Security adopted in late 2008: + 2.6% for the ambulatory care sector, +1.6 for drugs and should not go too far beyond the ascribed total rate of 3.3%. Hence, the Government said that there was no reason to worry about health expenditure in the future (see also section 2.2.4).

Next to future financial problems to come (see below), inequalities in health are also a major problem for the French health care system. France has a relatively high social gradient in health. As a study published by the French Institute for Statistics (*Insee*) in 2005 has shown, life expectancy at the age of 35 years is seven years higher for male white-collar employees ("*cadre*") than for male blue-collar workers. If this gap has been lower and stable among women, it has increased among men over the past 15 years[61].

This increase can partly be explained by the health care financial reforms. In order to ensure the financial viability of the system, all governments since the 1990s have decided to limit and diminish the reimbursement guaranteed by compulsory health insurance, thus leaving more costs to be covered by French patients. This has given a growing importance to out-of-pocket payments, which are partly covered by the voluntary/complementary health insurances. As shown by IRDES, complementary health insurance covers 12.9% of the expenditures, and 9.1% of the costs remain to be paid by the insured. However, only 84.9% of the French population are covered by a complementary scheme, 7.4% are covered by the complementary universal sickness scheme (CMUC) and 7.7% do not have any complementary insurance[62]. The remaining ones are to be found among low income groups. As shown by the French Observatory on Inequalities (*Observatoire des Inégalités*), 10% of workers and employees of small companies do not have complementary health insurance ("mutuelle") and 22% of the poorest do not have such insurance, whereas the rate is at 7.7% for the whole population. Among the persons living under the poverty line (60% of median income) and being under the age of 50, 21% have not seen a doctor during the year before, whereas the rate is 17% for the rest of the population. 53% of the poorest did not consult a specialist, whereas it was only 40% for the rest of the population[63]. These data indicate a postponement (and sometimes even renouncing) of access to health care in France for the poorest, despite the implementation of the universal sickness scheme (CMU).

Another critical issue in the access to health care is the fact that the distribution of doctors is very uneven on the French territory, as this has also been pointed out several times by the *Haut Conseil sur l'Avenir de l'Assurance Maladie*. The density of liberal specialists is 88 for 100,000 inhabitants in France, but only 34 in the *Départment* Lozère and 244 in Paris[64]. This is partly due to the fact that in France, doctors can settle where they want, with no regulation. In 2006, the Government announced in the media the intention to develop a way to refuse installation where too many doctors were already settled, but doctors apprentices went on

61 INSEE PREMIERE, "Les differences sociales de mortalité", n°1025, June 2005.

62 IRDES, "L'Enquête Santé Protection Sociale 2006, un panel pour l'analyse des politiques de santé, la santé publique et la recherche en économie de la santé", *Questions d'économie de la santé*, n° 131, April 2008.

63 OBSERVATOIRE DES INEGALITES, "L'accès aux soins des plus pauvres", November 2007, (http://www.inegalites.fr/spip.php?article768&id_mot=97).

64 Haut Conseil pour l'Avenir de l'Assurance Maladie, 1st report, January 2004.

strike and the Government withdrew their proposal. Within the new law "*Hôpital, patients santé et territoire*", the Government was planning new forms of incentives for doctors to settle in cities and regions which are lacking doctors. However, due to protest by the medical profession, the Government again withdrew any coercive measure.

2.2.4 Critical assessment of reforms

The main critique to be made on the recent French reforms of the health care sector is the absence of capacity of the State to regulate the sector against the will of the medical profession. As mentioned in section 2.2.2, when it was presented the law "*Hôpital, patients, santé et territoire*" contained a lot of orientation fitting with the objectives agreed in the OMC (better distribution of doctors over the territory to improve equality of access, limiting over-billing to restrain financial discrimination, empowerment of hospital directors and creation of regional health agencies, to improve the coherence and consistency of health policies, better coordination between ambulatory and hospital care, improved prevention, etc.). However, during the long-lasting discussion of this law (which started in February 2009 and has still not been finished in May 2009), the medical professions organised several strikes in hospitals, mass demonstrations and intense lobbying, so that on 12 May, the French President, Nicolas Sarkozy, felt obliged to announce many concessions to the medical professions (such as a weakening of the future power of the hospital directors), that all undermine the main innovation within the law.

Of special importance is the incapacity to improve equal access to health care in the French system. Inequalities in health is one of the major drawbacks of the French health care system, but it does not seem to be preoccupying the Government so much since no serious attempt to overcome them have been implemented, and all the little efforts planned within the Law "*Hôpital, patients santé et territoire*" have been withdrawn under the pressure of the medical professions.

As stated in the previous section (and in the most recent report by the *Cour des comptes*, mentioned above), these inequalities are partly due to the increasing role of the private complementary health insurance, not accessible to all. The publicly funded scheme to compensate for the lack of a complementary health insurance (CMU see above) is not preventing discrimination and inequalities in access to health though.

Indeed, various tests and studies[65] accomplished under the authority of the *Fonds* CMU have shown that doctors who are allowed to overbill their patient (charging a fee which is higher than the standard fixed tariff reimbursed by the health insurance fund) tend to deny access to their practice to CMU holders. A test carried out by the fund in charge of the financing of the CMU has shown that 41% of the specialists and 39% of the dentists (most of them practicing over-billing), refuse to treat patients covered by the universal sickness scheme (CMUC)[66] since they cannot over-bill them.[67] Over-billing has become a major phenomenon in the French health care system. A report elaborated by the General Inspectorate of Social Affairs (IGAS) in 2007 shows an important increase in the practice of over-billing in the past 10 years, showing that out of around EUR 18 billion of fees paid to doctors in the ambulatory

[65] Fonds CMU, DIES, "Analyse des attitudes de médecins et de dentistes à l'égard des patients bénéficiant de la Couverture Maladie Universelle complémentaire", 2006.

[66] Fonds CMU, DIES, "Analyse des attitudes de médecins et de dentistes à l'égard des patients bénéficiant de la Couverture Maladie Universelle complémentaire", 2006.

[67] Fonds CMU, DIES, "Analyse des attitudes de médecins et de dentistes à l'égard des patients bénéficiant de la Couverture Maladie Universelle complémentaire", 2006.

sector, more than EUR 2 billion are due to the practice of over-billing[68]. Here again, the Government planned to try to limit overbilling by creating a formal and better controlled sector where over-billing would be accepted but regulated. Under the pressure of the medical professions, all regulations have been postponed until 2013.

The other pitfall of the dominance of the medical profession over decision making in health care policy is that all measures aimed at guaranteeing the financial sustainability of the French system add to the burden of the patients (increase of "franchises" and co-payment, increasing role of private health insurances), whereas many attempts at regulating the supply of health is opposed by the professions.

2.3 Long-term care

2.3.1 Overview of the system's characteristics and reforms

French public provision for the long-term care needs of the dependent elderly and the disabled relies on a two-pronged system. On the one hand, the health insurance scheme covers the cost of health care provided in an institutional setting to the dependent elderly or to disabled patients. It also finances long-term care units in hospitals, as well as nursing care provided in the patient's home. Such health care costs are paid for directly by the health insurance scheme, i.e. patients do not need to advance the money themselves.

On the other hand, two schemes, essentially financed by the State and by local authorities, provide social benefits to the dependent elderly and to the disabled to help them meet some of the cost of care that is not covered by health insurance, whether that care is provided in institutions or in a domiciliary setting. For the disabled, this benefit is called *Prestation de compensation du handicap* (Disability compensation benefit), and for the dependent elderly it is called *Allocation Personnalisée d'Autonomie* – APA (Personalised autonomy benefit), based on a help plan linked to the assessment of the person's needs. The benefit amount varies according to the person's level of dependency (established by a socio-medical team, using a nation-wide unified grid – the AGGIR grid) and financial resources.

By the end of December 2008, the average amount of the benefit to people receiving domiciliary care was EUR 494 per month, of which about a quarter (EUR 114 on average) was covered by user fees. The amount of the help plan varies according to the level of dependency from EUR 349 to EUR 1,007 per month (DREES, 2009[69]).

The financing of long-term care policy is borne by the health insurance system (60%) and the *départements* (20%). The state intervenes mostly through fiscal measures. The *Caisse nationale de solidarité pour l'autonomie* (CNSA) receives specific contributions (a fraction of the General Social Contribution - CSG – *Contribution sociale généralisée*, as well as the Solidarity Contribution for Autonomy - CSA), which are added to the other sources of financing (Vasselle, 2008).

The mix and overlap of competence between the different actors in the field of long-term care (*départements*, state, CNSA, health insurance, etc.) is thus important and complicates decision making and long-term planning with regards to the financing of long-term care, and raises issues as to the long-term sustainability of this mode of financing. However, the

[68] IGAS, "Les dépassements d'honoraires médicaux", rapport, April 2007.
[69] DREES, «L'allocation personnalisée d'autonomie (APA) au 31 décembre 2008», DREES, 2009.

creation of the CNSA in 2005 has helped to centralise a greater share of the resources devoted to long-term care by the various actors.

Several difficulties arise today and have become the focus of public debate: 1) insufficient public resources; 2) the lack of a coherent mode of financing and governance; 3) an insufficient number of places in institutions, and 4) the excessive remaining costs that individuals have to meet themselves.

In order to deal with the insufficient number of places in institutions, the "*Plan Solidarité-Grand Âge*" was adopted in 2006 and is due to last until 2012. It was initially intended to provide an extra EUR 2.3 billion to the health insurance scheme, but its cost has been re-evaluated to EUR 4 billion (of which 0.9 billion for the creation of extra places and EUR 2.6 billion for the medicalisation effort). As of 2008, the number of beds created annually in institutions for the dependent elderly has been raised from 5,000 to 7,500 in order to maintain the same equipment ratio despite the ageing of the population (467 places per 1,000 inhabitants over 85 years old) (Vasselle, 2008).

More importantly, the President announced at the end of 2007 that a bill would be proposed to the Parliament concerning the creation of a fifth social insurance branch, aiming at covering the loss of autonomy for the disabled and the elderly. A senatorial information mission was set up in order to follow up on the preparatory work around this proposed scheme. The senatorial mission published its report in July 2008 (Vasselle, 2008). However, the adoption of the bill relative to this fifth social insurance scheme ("*l'assurance cinquième risque*") has been delayed several times, and is now expected to come under discussion in October 2009.

2.3.2 Overview of debates and the political discourse

Debates on long-term care in the past year have revolved around the creation of this new social insurance branch for the dependency risk and especially around the report published by the senatorial information mission (Vasselle report) in July 2008. This report puts forward a certain number of proposals structured around four main axes:

1) A more equitable effort towards those receiving domiciliary care:
   - Raise the benefit ceiling for certain targeted groups (isolated people and those suffering from neuro-degenerative diseases).
   - Improve the AGGIR grid (see above) so that it can be applied in a more homogenous way across the country, or even replace it with a new system.
   - Place greater demands on those with higher assets by giving them the choice, when they become dependent, between receiving the APA at 50% of its normal level or receiving a full APA but having EUR 20,000 taken off their inheritance (based on the fraction of assets above EUR 150,000).

2) Containing the costs that have to be met by individuals themselves and promoting more efficient spending in institutions.

3) Defining the articulation between national solidarity and private insurance.
   - Set up a joint procedure between public agencies and private insurances for the release of benefits in case of dependency.
   - Guarantee the "portability" of contracts from one private insurance to another.
   - Allow for fiscal deductions on complementary contributions towards dependency made to private pension saving funds.

- Open up the possibility to convert life insurances into dependency insurances at no extra cost to the individual.
- Think about ways to open the possibility for people with low or medium incomes to take out a private insurance.

4) Reinforcing and simplifying the governance of long-term care policy.

- Set up an equal share of financing of the APA between the State (CNSA) and the *départements*.
- Modify the process of equalisation of resources of the APA financial envelope in order to guarantee a more equal burden on the *départements*.

This idea of a stronger reliance on private insurance has become quite predominant in the public debate but receives some opposition from the political Left who favours a universal public social insurance scheme and warns against the idea of "penalising" those with higher assets as this runs counter to the principle of national solidarity and runs the risk of recreating the same problems (especially that of non-take-up) that existed with the *Prestation Spécifique Dépendance* (PSD).[70]

2.3.3 Impact assessment

Since it came into force in 2002, the APA scheme has met with great success and the number of beneficiaries has increased very rapidly. While there were only 148,000 beneficiaries under the previous scheme (*Prestation Spécifique Dépendance*) in 2001, the figure climbed to 469,000 beneficiaries by the end of 2002 under the APA scheme (DREES, 2002[71]). Today the number of beneficiaries has risen to 1,115,000 of which 62% receive domiciliary care and 38% live in institutions (DREES, 2009).

The success of the APA scheme has been more important than anticipated and presents a challenge for public finances, not least as its cost is set to increase due to the ageing of the population. In 2007, the APA scheme represented a cost of EUR 4.5 billion (of which two thirds are covered by the *départements* and one third by the CNSA – *Caisse nationale de solidarité pour l'autonomie*), out of a total public expenditure for long-term care of EUR 19 billion. This represents 1% of GDP (Vasselle, 2008[72]).

The number of elderly people is expected to increase by 50% by 2040. Thus, while public spending on long-term care amounts to around 1% of GDP today, forecasts indicate that this should rise to about 1.5% of GDP by 2025 (CAS, 2006[73]).

This, however, may not be sufficient to deal with the population's increasing expectations vis-a-vis the public authorities in the field of long-term care. Indeed, public opinion surveys show that the population expresses increasing expectations but also increasing dissatisfaction towards public policy for long-term care. The latest opinion survey carried out by TNS-Sofres

[70] Fondation Terra Nova, «Prise en charge des personnes âgées dépendantes: une politique solidaire et responsable est possible», May 2009.

[71] DREES, «L'allocation personnalisée d'autonomie (APA) au 30 septembre 2002», DREES, 2002.

[72] VASSELLE Alain, «Rapport d'information fait au nom de la mission commune d'information sur la prise en charge de la dépendance et la création d'un cinquième risque», Sénat, n°447, Annexe au Procès verbal de la session du 8 juillet 2008.

[73] CONSEIL D'ANALYSE STRATEGIQUE, *Personnes âgées dépendantes : bâtir le scénario du libre choix*, Rapport de la mission "Prospective des équipements et services pour les personnes âgées dépendantes" conduite par Stéphane Le Bouler, 2006.

on the topic of old age[74] shows that there is a real lack of confidence on the part of the population as regards the public authorities' capacity to deal with the issue of dependency. Thus, nearly three out of four people (71%) feel that the public authorities in France do not deal satisfactorily with the problem of dependency. This opinion has been in constant progression since 2004 (+16 points over the past five years). Furthermore, this critique has become increasingly severe: in 2004, less than one French out of five (14%) strongly condemned the action of the public authorities ("not at all satisfactory"). In 2009, 22% denounce a serious deficit of public policy.

A total of 78% of those interviewed also consider that the problems linked to long-term care are not sufficiently talked about and do not enjoy the place which they should occupy in the debate and the public action. This is also an increase as compared with 2005 where 63% held that opinion.

This criticism of public action is all the more severe as it is accompanied by a feeling by the majority of an incapacity to face the costs of dependency. Indeed, 55% of the French declare that they would not feel able to deal with elderly dependant relatives. One out of four (26%) even admits that they would not be able to cope at all.

This feeling of helplessness is aggravated by the incapacity stated by 76% of respondents to cover the monthly average costs for accommodation and care in an old people's home if one of their parents were to resort to this solution. And while on this point the inequalities between socio-economic classes are important, the tremendous difficulty or the incapacity to cover these accommodation expenses is a reality in all categories of the population. It is so to speak the rule among modest households (85%). It is less frequent in the most well-off families, but, nonetheless, concerns nearly three French out of five (56%).

The cost borne by households thus remains a real issue in terms of access to care, and this access is still very much unequal depending on people's wealth.

Finally, this opinion survey shows that French people feel real concern concerning the quality of care in institutions: 52% have a bad opinion of elderly care homes and the majority express a preference for domiciliary care.

2.3.4 Critical assessment of reforms

It is as yet not possible to provide a critical assessment of the reforms carried out as these have been postponed, and although the Vasselle report outlines some reform proposals (cf. above), the content of the bill that will eventually be presented is not yet known.

What can be said about the present situation, however, is that access to care still remains an issue, both because of a lack of places in institutional settings and because of the high out-of-pocket costs that remain for individuals and their family.

As mentioned above, the *Plan Solidarité Grand-Âge* 2007-2012 was initially intended to foster the creation of 5,000 new places in institions per year, and investment was subsequently increased so as to create 7,500 new places per year. While this marks an improvement, this increase only partially covers the increase in the number of elderly people, thus it does not actually improve coverage rates. Furthermore, as stated in the French NSR, a report published in 2006 by the Centre for Strategic Analysis (CAS) calculated that France needed to create at least 15,000 new residential care places per year until 2010 to face the

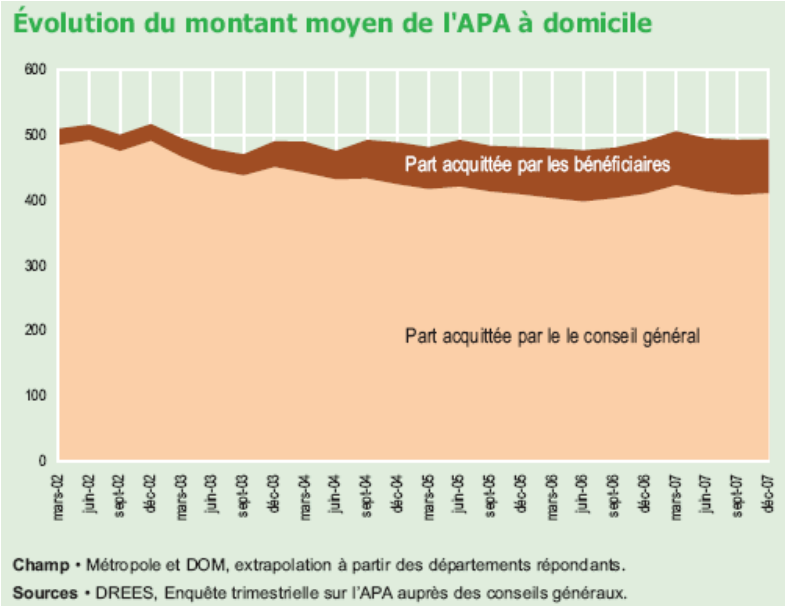
[74] TNS-SOFRES, «Le Baromètre - Les Français et le grand âge - vague 5», study conducted for the *Fédération Hospitalière de France*, May 2009.

growing care needs linked to the demographic ageing. Thus, this plan is still insufficient both for meeting the existing un-met needs and to meet the growing demand due to an ageing population. Furthermore, it is not yet clear how many places have actually been created.

As regards the cost of care, despite an increase in public coverage for the costs of long term care, households stand for at least EUR 7 billion per year over what is covered through public schemes to meet the cost of long-term care: EUR 650 million in co-payments (*ticket modérateur*) for domiciliary care provided through the APA scheme, EUR 700 million in co-payments for care provided in institutions, and EUR 5.7 billion for accommodation in long-term care facilities (Vasselle, 2008). This – according to the Vasselle report – low-range estimation of the cost for households does not take into account spending on services that are not included in the domiciliary care aid plans (Vasselle, 2008), i.e. all the domiciliary personal services (home-help, house-cleaning, etc.) which elderly people whose needs are not covered or insufficiently covered through the APA scheme must buy privately.

The APA care package attributed for institutional care amounts to EUR 460 per month on average, of which EUR 150 (also on average) is paid for by beneficiaries through co-payment. The APA benefit attributed for domiciliary care amounts on average to EUR 504 per month (depending on level of dependency), of which EUR 120 (on average) is paid for by the beneficiary through co-payment. Thus about a quarter of the cost of care is covered by out-of-pocket money. As many as 26% of APA beneficiaries are exempted from co-payment in the case of domiciliary care (DREES, 2008[75]). Nonetheless, since 2002, the out-of-pocket share of the cost of the care package (through co-payment) has been increasing as can be seen in the figure below.

Figure 2:



The APA scheme has shown to have a negative impact on medium and high income earners because of the progressive amount of co-payment left to the care recipient. Thus one can observe a very clear phenomenon of non-take up / non-recourse to the APA scheme amongst people with a monthly income above EUR 1,246 (Gisserot, 2007).

[75] DREES, «L'allocation personnalisée d'autonomie (APA) au 30 juin 2008», DREES, 2008.

High-income earners, however, benefit more than other groups (especially low-income groups) from tax-deductions schemes in the domiciliary personal services sector, thus allowing them to purchase domiciliary personal services to a much larger extent than other income groups. This raises an issue in terms of equality of access to what are essentially publicly financed (or at least strongly subsidised) services (cf. CES, 2007; CERC, 2008).

The Vasselle report also underlines that the different public financial aids that are provided are focused on either the low or the high incomes, thus creating a U curve which neglects the middle classes (Vasselle, 2008), which, in turn, raises an issue regarding access to long-term care for middle-income households.

However, even if public provision, notably through the APA scheme, is skewed towards low-income people, this is not enough to solve the solvency problem of most of the elderly. Indeed, close to 80% of people receiving institutional care have an income that is lower than the cost of their stay. On average, the monthly cost of accommodation in institutions is EUR 1,500 of which only EUR 460 on average is covered by the APA benefit (minus EUR 150 in the form of co-payment). Gross pensions lie, on average, around EUR 1,200 (EUR 1,000 for women, who are also the most numerous in institutions) (Vasselle, 2008). While some of the remaining cost is covered through the health insurance scheme, a sizable amount remains covered by the patient.

The cost of long-term care is thus still an issue for the frail elderly and very often means that relatives have to participate in facing the costs. This of course may create a problem of access to long-term care, and especially to residential care. Further measures must therefore be taken to reduce the financial burden on patients.

3 Impact of the Financial and Economic Crisis on Social Protection

The financial crisis affects the pension system through two main routes. On the one hand, it has an impact on the financing of pay-as-you-go schemes, given that higher unemployment rates mean lower contributions, and, as a consequence, increasing deficits in social security funds. In 2008, the deficit of the main PAYG pension fund, *régime général*, has increased by EUR 1 billion to EUR 5.6 billion[77]. The deficit of the general old-age insurance scheme might reach EUR 9 billion at the end of 2009, which would be more than twice the deficit expected by the bill on the financing of the social security system (PFLSS 2009)[78]. While the increasing deficit is partly due to a falling contribution base, it is also the consequence of the Government's decision not to increase the old-age insurance contribution rate by 0.3% as had been planned by the PFLSS 2009. The Government expected that the social partners would decrease contribution rates for unemployment insurance and that this would allow a transfer of contributions to the old-age insurance scheme. However, because the social partners have refused to decrease contribution rates for unemployment insurance and because it is

[77] Provisional data from Commission des Comptes de la Sécurité Sociale – cited in: La Correspondance Economique, *Les comptes du régime général de Sécurité sociale en 2008*, 19 May 2009.

[78] Le Figaro, *Bercy relance le débat sur l'âge de la retraite*, 22 April 2009.

committed to keep contribution rates constant, the Government has decided not to increase old-age insurance contributions[79].

The financial crisis will also have a negative impact on the long-term financing of the pension system, since it has strongly affected the assets of the pension system's buffer funds. The "*Fonds de Réserve pour les Retraites*" which is supposed to contribute to the financing of statutory pension schemes between 2020 and 2040 has reported at the end of March that its long-term annual performance (beginning in 2004) has become negative (-1.2%). Since the beginning of 2009, the fund's assets have lost 6.5% of their value (total value of EUR 26 billion on 31 March 2009)[80], after loosing 24.8% in 2008 (EUR 27.7 billion on 31 December 2008)[81]. The main reason for these dramatic losses is that the fund overwhelmingly invests in shares. The proportion of shares in total assets reached 64.5% at the end of 2007. Because of the crisis, this proportion has been reduced to 49% at the end of 2008 and 47.7% at the end of the 2009 first quarter. The proportion of bonds has remained stable, reaching approximately 36.5%.

It is difficult to assess what the real impact of the crisis is going to be on the fund, since the fund is not supposed to contribute to the expenditures of the pensions system before 2020. Managers of the fund have already decreased their exposure to shares, but given that the fund has a long-term objective shares will remain an important part of the assets. However, the fact that the losses of the fund are given a prominent place in the media will certainly not improve the confidence of the public in funded pensions.

The other major buffer for funds that have been affected by the crisis are the Arrco and Agirc buffer funds. Over the past ten years, the social partners have accumulated important financial reserves that are supposed to finance the deficits of the two schemes, when baby boomers will reach retirement age. At the end of 2007, Arrco had accumulated EUR 59.55 billion, EUR 41.87 billion of which are used as medium-term and long-term reserves and EUR 17.68 billion of which are used as short-term cash flow reserves. Agirc had accumulated EUR 18.97 billion, EUR 10.53 billion of which are used as medium-term and long-term reserves and EUR 8.44 billion as short-term cash flow reserves[82]. However, while the most recent projections – dating back to December 2007 – expected the two schemes to remain in equilibrium in the coming years, Agirc will most probably post a EUR 720 million deficit this year, while Arrco will be in equilibrium, instead of reaching the 1.9 billion surplus that was expected[83]. According to projections that have been distributed to the social partners at the start of the negotiations on the Agirc-Arrco collective agreements, Agirc will have EUR 2.5 billion deficits per year, while Arrco will lose EUR 5.1 billion per year by 2020. Thus, the direct consequence of the financial crisis on Agirc-Arrco is that they will have to use their accumulated assets in order to finance the deficits incurred during the crisis and will not be able to use them to cope with the demographic shock as had been planned.

Finally, future pensioners will also be affected by the crisis because of its negative impact on the value of accumulated pension savings. The French market for life insurance has strongly decreased in 2008. Assets have decreased by 10.6%, after a 3% decrease in 2007[84]. Life insurance is used by French households to prepare for their retirement. The two financial products recently created for retirement savings – PERP and PERCO – have continued to

79 http://www.cnav.fr/4presse/actus/pdf/CP2009/CP%20motion%20du%20CA%20070109.pdf.
80 http://www.fondsdereserve.fr/IMG/pdf/CP_090129_FR.pdf.
81 http://www.fondsdereserve.fr/IMG/pdf/CP_090506_FR.pdf.
82 http://www.agirc-arrco.fr/qui-sommes-nous/chiffres-cles/.
83 Le Figaro, *Retraite: les comptes de l'Agirc- Arrco se dégradent rapidement*, 28 January 2009.
84 Reuters, *L'assurance vie en vif repli et perspectives incertaines*, 26 January 2009.

attract more and more individuals. PERP assets have reached EUR 4 billion in December 2008 (compared to EUR 3.4 billion in December 2007)[85], while PERCO assets reached EUR 1.8 billion in September 2008 (a 28% increase compared to December 2007)[86]. However, increasing assets seem to be mainly the consequence of an increase in the number of people who have subscribed to these products. To date, no general information has been provided on how the financial crisis has affected the value of individuals' pension savings.

As for health care, the impact of the current crisis is currently denied by the Government. Since health expenditure is increasing in accordance with the financial law on social security (see section 2.2.3), the Government does not want to open another field of popular discontent by trying to deal with an increasing deficit in health insurance funds. This deficit will automatically increase though, since expenditure continues to grow while the resources are diminishing at a fast rate because of the massive increase in unemployment. According to data provided in May, unemployment has grown by 14,1% in France between April 2008 and April 2009. In April 2009, there were 2.33 million people receiving unemployment allowance.[87] As the director of the main health insurance fund said during an audition in front of the Senate: the total deficit of the *Sécurité sociale* could amount to EUR 17 or 18 billion in 2009, when the administration in charge of collecting funds for the *Sécurité sociale* (ACOSS) speaks of EUR 20 billion. As for the Health insurance sector, the deficit could reach EUR 7.7 billion in 2009, and around EUR 10 billion in 2010. (see *La tribune*, 14 April 2009).

85 Reuters, *L'assurance vie en vif repli et perspectives incertaines*, 26 January 2009.
86 Les Echos.fr, *Le beau parcours des PERCO*, 20 February 2009.
87 Press release, Pôle Emploi, 2 June 2009.

4 Abstracts of Relevant Publications on Social Protection

[R] Pensions

[R1] General trends: demographic and financial forecasts
[R2] General organisation: pillars, financing, calculation methods or pension formula
[R3] Retirement age: legal age, early retirement, etc.
[R4] Older workers activity: active measures on labour market, unemployment benefit policies, etc.
[R5] Income and income conditions for senior workers and retired people: level of pensions, accumulation of pensions with earnings from work, etc.

[R4] ALBERT, Christophe, GRAVE, Nathanaël, & OLIVEAU, Jean-Baptiste, «Surcote : les raisons d'un échec relatif», Retraite et société, 54, June 2008.
"Pension bonus: the reasons for a relative failure"

The "surcote" – which was introduced by the 2003 reform – is a bonus on the pension amount that is offered to workers who continue to work after age 60 or after reaching the contribution length required to get full benefits. The paper argues that the surcote has failed to meet its initial objective, i.e. increasing employment rates among elderly workers. The first part of the paper describes the measure and the population that may benefit from it. In the second part of the paper, the authors run microsimulations using a Stock & Wise model, in order to determine individuals' decisions concerning retirement. The simulations are based on a sub-sample of workers who could potentially benefit from a 'surcote' between 2004 and 2006.

[R5] BAC, Catherine, BRIDENNE, Isabelle, & COUHIN, Julie, «Les effets de la réforme du minimum contributif en 2003 : limités et éphémères», Retraite et société, 54, June 2008.
"The – limited and ephemeral - effects of the 2003 reform of the minimum contributif"

The "minimum contributif" guarantees a minimal benefit for pensioners drawing benefits from wage-earners' statutory pension scheme ("régime général"). It has been modified by the 2003 reform with the introduction of a pension bonus depending on the length of contribution of the insured. The aim of this article is to assess the effects of the 2003 reform on the level of benefits offered by the régime général to pensioners who retired by 2004 and 2006. After a theoretical analysis of the possible effects of these changes, the real effects are analysed with statistical data on flows of new pensioners in the régime général. The paper shows that the effects of the reform of the minimum contributif are complex and vary for each age cohort and depending on the year in which people retired.

[R3] BENALLAH, Samia, & LEGENDRE, François «Une projection de l'âge de départ à la retraite en 2020», Centre d'Etude de l'Emploi (CEE) - Connaissance de l'emploi, 61, January 2009.

This paper makes projections of retirement exits using Sidre (Simuler en France les départs à la retraite – Simulating) a model for 'macroprojections' which has been developed at the Centre d'Etude de l'Emploi (CEE) in order to measure the effects of longer contribution lengths and of longer working careers on the decisions of workers to retire. The paper shows that the retirement age of men will significantly increase by 2020, whether the insurance length will be increased to 41 years or not. Men's retirement age should stabilise at around 62.4 years in 2020, i.e. two years more than in 2005.

[R2, R5] BOZIO, Antoine, & PIKETTY, Thomas, «Pour un nouveau système de retraite. Des comptes individuels de cotisations financés par répartition», Paris, Editions Rue d'Ulm/Presses de l'Ecole Normale Supérieure, 2008
"For a new pension system. Individual contribution accounts financed on pay-as-you-go basis"

In this book, two French economists put forward a strategy for a thorough reform of the French pension system. The two authors start with the diagnosis that the French system is too fragmented and too difficult to understand for the majority of French citizens. Moreover, it faces difficulties in its long-term financing. As a result, the system arouses a feeling of fear and insecurity among citizens, while the initial aim of pay-as-you-go systems is to offer guarantees that funded schemes cannot offer. The authors propose to replace all existing schemes by a single NDC (notional defined-contribution) scheme for all workers (public sector, private sector and non-wage-earners). The authors claim that such a system would among other things: a) improve the transparency of the French pension system; b) be better adapted to an increasing occupational mobility; c) offer better benefits to households with long employment careers. In order to support their claims, the authors make simulations of replacement rates for various profiles of workers (with low or high wages and with long careers).

[R1-5] CONSEIL D'ORIENTATION DES RETRAITES, «Retraites : 20 fiches d'actualisation pour le rendez-vous de 2008», Paris, COR, 2007.
"Old-age pensions. 20 up-to-date information sheets for the rendez-vous 2008"

This report, prepared by the Conseil d'Orientation des Retraites, was used by the Government to prepare its own reports for the "rendez-vous 2008". The report contains 20 information sheets, which are classified into four chapters. The first chapter presents the current situation of the French pension system (employment levels, the financial situation of the different schemes and living standards of pensioners). The second chapter presents long-term projections (2020-2050) of the financial situation of the system as well as simulations of future replacement rates. Chapter three gives an update on issues that were dealt with by the 2003 reform (financial equilibrium, contribution length, pension indexation, minimum pension). Finally, chapter four provides suggestions on issues that should be dealt with during the 2008 reform (equality between men and women, buffer fund, funded pensions, etc.). The appendix presents long-term projections for each regime, based on different sets of assumptions.

[R2, R5] CONSEIL D'ORIENTATION DES RETRAITES, «Retraites: droits familiaux et conjugaux - Sixième rapport», Paris, COR, 2008.
"Old-age pensions: family-related rights – Sixth report"

This report, prepared by the Conseil d'Orientation des Retraites, offers a synthesis of all family-related benefits within the French pension system. The report offers a very thorough description of the evolution and of the current state of family rights within the most important public pension schemes in France. The report contains a wealth of data on the impact of these benefits on the income of different pensioners and on pension expenditure. It sets out different possible strategies of reform of the "majoration de durée d'assurance" (MDA – length of insurance bonus) and "assurance vieillesse des parents au foyer" (AVPF – old-age insurance for non-working parents) in the short term as well as in the long term. It also explores possible reforms of the pension bonus for parents of three children or more and of widows' or widowers' pensions.

[R1] COUDIN, Elise, LEON, Olivier, ROBERT-BOBEE, Isabelle and TOULEMON, Laurent, «Projections démographiques pour la France et ses régions : vieillissement de la population et stabilisation de la population active», Economie et statistique, 408-409, 2007.
"Demographic projections for France and its regions: population ageing and the stabilisation of the economically active population"

This publication contains three articles with demographic projections based on the most recent French census data (2004 and 2005). In 2050, there should be between 61 et 79 million inhabitants in France depending on the assumptions chosen. This is a higher number than previously thought, due to higher fertility rates and higher net migrations. The projections show that by 2050 one out of three inhabitants should be aged 60 years or more (versus one out of five in 2005). However, ageing remains less acute in France than in other European countries. The working age population should stabilise by 2015, after having grown for 50 years. However, the proportion between the working population and the non-working population aged 60 years or more does not vary significantly with changes in assumptions concerning working behaviour and retirement behaviour.

[R5] CRENNER, Emmanuelle «Le niveau de vie des retraités. Conséquences des réformes des retraites et influence des modes d'indexation», Retraite et société, 56, January 2009.
"The standard of living of pensioners. Assessing the consequences of pension reforms and the influence of different indexation mechanisms"

This paper aims to evaluate changes in the standard of living of different cohorts of pensioners. It also aims at measuring the impact of recent pension reforms and of new social risks on these changes. The author simulates the standard of living of people born between 1945 and 1962 using the Destinie micro-simulation model. The simulations show that the mean standard of living of retirees at retirement should increase with each cohort, but more for men than for women. Then, during the first 15 years of retirement, the gaps in living standard between men and women are likely to increase for all cohorts. As a result of the reforms of 1993 and 2003, living standards for retirees will be lower than if the reforms had not been introduced. Changes that have been made in the method of indexation account for 70% of the loss in the standard of living of pensioners compared with the scenario without the reforms.

[R3, R4] HAIRAULT, Jean-Olivier, LANGOT, François and SOPRASEUTH, Thepthida, «Le faible taux d'emploi des seniors. Distance à l'entrée dans la vie active ou distance à la retraite ? », Revue de l'OFCE, 2009/2, 109, April 2009.
"The low employment rates among the elderly. Distance from entry to the labour market or distance to retirement?"

In a recent work (Hairault et al., 2006), the authors of this article have claimed that the short distance to retirement constitutes one of the main economic mechanisms behind the low employment rate of older workers. As a result, they argued that delaying the retirement age could boost employment at the end of the working life. Their view has been challenged by Benallah et al. *(2008) who underline that the distance to retirement found in their previous work could actually reflect the distance from entry to the labour market (experience effect). In this paper, the authors propose what they see as more convincing identification strategies in order to strengthen their previous results. The paper proposes econometric estimations of different factors affecting early retirement, based on a sample of men aged between 15 and 59 from the "Enquête Emploi" (French labour market survey) from the years 1990-2002.*

[R4] JOLIVET, Annie, «Réforme des retraites de 2003: quel impact sur l'emploi des seniors?», Retraite et société, 54, June 2008.
"The 2003 pension reform: what is its impact on employment of elderly workers?"

This article tries to assess the policies aiming at maintaining elderly workers in employment, which were introduced after the 2003 pension reform (accumulation of remunerated employment with pension, progressive retirement, pension bonus, obligation to negotiate agreements on hard working conditions and introduction of disincentives for early retirement). In a first part, the article presents in detail the measures that have been put in place and figures on how widely they have been used. In a second part, it analyses the current state of collective bargaining on themes identified by the 2003 statute (employment, training of elderly workers and hard working conditions). Finally, the article tries to assess the effects of all these measures by analysing their impact on employment rates among workers aged 55-64.

[R3, R4] JOLIVET, Annie and VOLKOFF, Serge, «Prendre en compte la pénibilité», Regards sur l'actualité, 344, October 2008.
"Taking into account hard working conditions"

This article deals with the issue of hard working conditions and its relationship with retirement. The 2003 pension reform stipulated that "hard working conditions" (pénibilité du travail) it should be taken into account in retirement policy. However, its definition and the way in which should be taken into account should be negotiated through collective bargaining. The authors of the paper distinguish between three understandings of the term "hard working conditions": a negative impact on life expectancy in good health, difficulties in work due to bad health, or difficulties in current work. The article presents in detail negotiations on hard working conditions at the national level as well as significant collective bargaining agreements at the industry or the company level.

[R2-5] STERDYNIAK, Henry «Retraites: A la recherche de solutions miracles…», Revue de l'OFCE, 2009/2, 109, April 2009.
"Old-age pensions: In search of miracle solutions…"

This is an article that discusses current development in the French pension system and adopts a critical stance towards the reform proposals that have been put forward in 2008 and 2009. On the one hand, the author discusses Bozio's and Piketty' suggestion to introduce a unified system of individual notional accounts. The author shows that, even though the system would be automatically in balance, this would be at the cost of a dramatic fall in pensions' levels, which would widen as people live longer. On the other hand, the author discusses Hairault et al.*'s suggestion to postpone the retirement age by introducing substantial financial incentives. While both proposals claim that they increase the free choice of retirement age and ensure actuarial neutrality, the author argues that they do not account for differences in 60 year-old workers' employability and life expectancy. By basing pensions' levels on individual choices, the proposals would free society and firms of their current responsibilities: ensuring a parity in the living standards of pensioners and workers as well as ensuring a decent pension to all workers, including those firms do not want to hire anymore.*

[H] Health

[H] Health
- [H1] Health expenditures: financing, macroeconomic impact, forecasting, etc.
- [H2] Public health policies, anti-addiction measures, prevention, etc.
- [H3] Health inequalities and access to health care: public insurance coverage, spatial inequalities, etc.
- [H4] Governance of the health system: institutional reforms, transfer to local authorities, etc.
- [H5] Management of the health system: HMO, payments system (capitation, reimbursement, etc.)
- [H6] Regulation of the pharmaceutical market
- [H7] Handicap

[H1-5] FANTINO, B., ROPERT, G., «Le système de santé en France : diagnostic et propositions», Paris : Dunod, 2008.
"The French Health care system: diagnosis and propositions"

This book tries to demonstrate that a combination of social and medical progress is still feasible only with a strong political will. A new health care system should rely on a new governance, decentralised at the regional level. Propositions are based on the idea that a fixed set of health care goods should be determined, and be managed either by public or private centres.

[H3] FONDS CMU,«Rapport d'activité du Fonds CMU», Paris, Fonds CMU, 2008, available at: Le rapport d'activité 2008 du Fonds CMU
"Activity report by the Fonds CMU (organisation in charge with funding the free access to health insurances)"

This report gathers all the data for 2008 about complementary CMU (free complementary health insurance) which benefits to 4.3 millions of people in France, as well as the subsidy for access to private complementary health insurance (aide complémentaire santé) concerning 442,000 people. It states that the effect of the financial crisis cannot be seen on the number of CMU beneficiaries. There is currently a decrease in the people benefiting from the CMU complémentaire, by 5.2% from December 2007 to December 2008.

[H1, H4, H5] HASSENTEUFEL, Patrick, PALIER, Bruno,
«Comparing Health Insurance Reforms in Bismarckian Countries: Towards Neo-Bismarckian Health Care States?», in Bruno Palier and Claude Martin, *Reforming the Bismarckian Welfare Systems* (co-edited with Claude Martin), Oxford, Blackwell, 2008.

Germany, France and the Netherlands have all three specific "Bismarckian" Health insurance systems, which encounter different and specific problems (and solutions) than National Health Systems. Following a relatively similar trajectory, the three health insurance systems have gone through important changes: they are now combining universalisation through the State and marketisation based on regulated competition; they associate more State control (directly or through agencies) and more competition and market mechanisms. Competition between insurers has gained importance in Germany and the Netherlands and the State is re-inforcing its controlling capacities in France and Germany. Up to now, continental health insurance systems remain however Bismarckian (they are still mainly financed by social contribution, managed by Health insurance funds, delivering public and private health care, and freedom is still higher than in National health systems), but a new "regulatory health care State" is emerging. Those changes are embedded in the existing institutions since the aim of the reforms is more to change the logic of

institutions than changing the institutions themselves. Hence, structural changes occur without revolution in the system.

[H1, H4] HAUT CONSEIL POUR L'AVENIR DE L'ASSURANCE MALADIE. (H.C.A.A.M.), «Rapport du Haut Conseil pour l'avenir de l'assurance maladie 2008.» Paris: HCAAM, 2008. available at: http://www.securite-sociale.fr/institutions/hcaam/rapport2008/hcaam_rapport2008.pdf
"2008 Annual report by the High Council on the future of Health insurance."

The 2008 report of the High Council is divided into three chapters. The first one deals with the financial situation of the health care system. The second deals with the share of the cost between the compulsory health insurance, the facultative health insurances and co-payment. The third one analyses cash benefits and medical devices. It does not deal with hospital issues, that will be dealt with during the debates in the Parliament about the law "Hôpital, Patients, santé territoire".

[H1, H, H3] MECSS (Mission d'évaluation et de contrôle de la sécurité sociale), «Le rapport du MECSS sur les affections de longue durée», National Assembly, November 2008, available at: http://www.assemblee-nationale.fr/13/rap-info/i1271.asp
"Parliamentary report on the coverage of long term disease"

French MPs in this report propose a profound reform of the way long term diseases are covered in France. They launch 20 proposals aimed at a better targeting of the coverage of long term diseases so that only very long and costly ones are covered at 100% of the costs by health insurance. They also propose to improve the coverage of chronic diseases by prevention action and therapeutic education. They also propose a more equitable financial burden by promoting a "sanitary shield" so that the poorest would be preventing from paying a higher than a limited amount of co-payment when sick.

[H1, H4] MERLEN, Eric, PLOQUIN, Frédéric, «Ma sécu: de la libération à l'ère Sarkozy», Paris: Fayard, 2008, available at: Ma sécu: de la Libération à l'ère Sarkozy
"My Health care: from Liberation to the Sarkozy era."

Two journalists have analysed the functioning of the French health care system. They have made many interviews among trade unionists, politicians, former ministers, MPs specialised in health issues, experts, doctors… A very informative book on the history and current state of the French Sécurté sociale.

[L] Long-term Care

[L] VASSELLE, Alain. «Rapport d'information fait au nom de la mission commune d'information sur la prise en charge de la dépendance et la création du cinquième risque.», Sénat, n°447, Annexe au procès-verbal de la séance du 8 juillet 2008.
"Information report made in the name of the common information mission on long-term care and the creation of a fifth branch of social insurance."

Following the President's wish, expressed in late 2007, that a law proposal be made to the Parliament regarding long-term care policy, the Senate set up a common information mission, made up of the members from the commissions on social affairs and the finances, in order to assess needs and to delineate possible options for policy initiatives. This 255 pages report presents the current situation in the field of long-term care policy and outlines some proposals regarding the financing, modes of governance, the desirable mix of public solidarity and private responsibility, the

development of private insurance, etc. In particular, it addresses the possible modalities for setting up a fifth social insurance scheme for long-term care.

5 List of Important Institutions

Caisse Nationale d'Assurance Maladie des Travailleurs Salariés – National Health Insurance Fund for the Salaried Workers

Address: 50 avenue du Professeur André Lemierre, 75986 Paris Cedex 20

Webpage: http://www.ameli.fr/l-assurance-maladie/statistiques-et-publications/

The National Health Insurance Fund for the Salaried Workers is the main Health insurance funds, providing health care coverage to 80% of the French population. CNMATS has one research unit, in charge of statistics and research. It regularly publishes "Points de repères" which gather statistical data on health in France, and a journal: "Pratiques et organisation des soins".

Caisse Nationale d'Assurance Vieillesse (CNAV)

Address: 110 avenue de Flandre, 75951 Paris cedex 19

Webpage: http://www.cnav.fr

CNAV is the social protection administration that manages private-sector wage-earners pension scheme. CNAV has different research units. One unit compiles and analyses statistical data. Another unit specialises in research over ageing. Main publications include: "Retraite et Société", "Cadr@ge", "Les Cahiers de la CNAV".

Caisse Nationale de Solidarité pour l'Autonomie (CNSA) – National Solidarity Fund for Autonomy

Address: 66 avenue du Maine, 75682 Paris cedex 14

Phone: 33 (0)1 53 91 28 00

Webpage: http://www.cnsa.fr/

The CNSA is a public agency that was set up in 2005. It is both a "fund" in charge of distributing financial resources, and an "agency" providing technical expertise. Its mission is to finance the social benefits geared towards the dependent elderly and the disabled; to guarantee equal treatment across the country and for all types of disabilities; and to provide technical expertise, information and guidance in order to survey the quality of services.

Main recurring publications:

The Annual Report (le Rapport Annuel): This report presents all the actions that have been carried out during the year and takes stocks of what has been achieved since the creation of the CNSA. It also addresses future orientations.

The Letter (La Lettre): The Letter is published on a quarterly basis and provides information on ongoing activities and projects, publishes interviews of people involved in the field, etc.

Commission des comptes de la Sécurité sociale – Commission on Social Security Accounts.

Webpage: http://www.securite-sociale.fr/chiffres/ccss/ccss.htm

This institution is not an administration with specific staff working for it, and has therefore no specific mail address. Created in 1979, the Commission social security accounts has the role of analysing the accounts of the social security funds. It also looks at the accounts of the complementary pensions. The Commission is chaired by the minister in charge of the social security. It meets at least twice a year, on the initiative of its president: the first meeting is held between on April 15th and on June 15th and a first estimate of the accounts of the

general scheme of social security is published; the second meeting proceeds between on September 15th and on October 15th. The accounts of the whole of the mandatory schemes of social security are presented and analysed by the commission. Since the adoption of the financing law of social security, the second meeting is held around on September 20th. It is devoted to the examination of the accounts which are used as framework for the financing law of social security.

Cour des Comptes – Financial Auditing Court

Address: 13 rue Cambon, 75001 Paris
Webpage: http://www.ccomptes.fr/fr/CC/Accueil.html

The missions of the Cour des comptes are defined by the Constitution in paragraph 1 of article 47-2:"The Cour des comptes shall assist Parliament in monitoring Government action. It shall assist Parliament and the Government in monitoring the implementation of Finances Acts and of Social Security Financing Acts as well as in assessing public policies. By means of its public reports, it shall contribute to informing citizens. […]"As an administrative jurisdiction, the Cour des comptes fulfils these missions in full independence. The Cour monitors that Ministers respect the budget appropriations voted by both assemblies. It checks results in terms of expenditures as well as receipts. It contributes to the accurate awareness of the State's financial situation. It proceeds in a similar way for the whole social security system that complies with organisational rules and budgetary principles that are far different from those of the State".Every year, the Cour releases a report on the implementation of the Social security financing Act.

Direction de la recherche, des études, de l'évaluation et des statistiques (DREES)

Address: Mission publications et diffusion, 14 avenue Duquesne, 75350 Paris 07 SP
Phone: 0033.1.40.56.80.54
E-mail: drees-infos@sant.gouv.fr
Webpage: http://www.sante-sports.gouv.fr/etudes-recherches-statistiques/etudes-recherches-statistiques-sante/direction-recherche-etudes-evaluation-statistiques-2-.html

DREES is the research unit of the Ministry of Health, but it publishes reports on social protection issues in general. Main publications include: "Études et resultats", "Revue française des affaires sociales", "Dossiers Solidarité et Santé" and working papers.

Haute Autorité de Santé - French National Authority for Health

Address: 2, avenue du Stade de France, 93218 Saint-Denis La Plaine Cedex
Phone: 00 33 1 55 93 70 00
Webpage: http://www.has-sante.fr/

The Haute Autorité de Santé (HAS) - or French National Authority for Health - was set up by the French Government in August 2004 in order to bring together under a single roof a number of activities designed to improve the quality of patient care and to guarantee equity within the health care system. HAS activities are diverse. They range from assessment of drugs, medical devices, and procedures to publication of guidelines to accreditation of health care organisations and certification of doctors. All are based on rigorously acquired scientific expertise. Training in quality issues and information provision are also key components of its work programme. HAS publishes various reports.

Haut Conseil sur l'Avenir de l'Assurance Maladie – High Council for the future of Health insurance

Address: Ministère de la santé, de la jeunesse, des sports et de la vie associative, 18 place des Cinq Martyrs du Lycée Buffon, 75696 Paris Cedex 14

Webpage: http://www.sante.gouv.fr/htm/dossiers/hcaam/sommaire.htm

The High council, chaired by Bertrand Fragonard, brings together 58 members representing the unions and employers, the Parliament, the State, the health insurance funds, the mutual insurance companies, the professions and health care institutions, the users, as well as qualified personalities. The High council for the future of the health insurance has four missions: to assess the system of health insurance and its evolutions; to describe the financial situation and the prospects for the health insurance and to appreciate the requirements to ensure their viability in the long term; to take care of the cohesion of the system of health insurance regarding the equal access to care of high-quality and a just and equitable financing, to formulate, if necessary, the recommendations or reform proposals likely to answer the objectives of financial solidity and social cohesion. HACCM publishes an annual report and specific positions (avis).

Institut de Recherches Economiques et Sociales (IRES) – Institute of Economic and Social Research

Address: 16 Boulevard du Mont d'Est, 93192 Noisy-le-Grand cedex

Phone: 0033 1 48 15 18 90

Webpage: http://www.ires.fr/

IRES is a research institute whose aim is to provide studies on social and economic issues for trade unions. On the one hand, it prepares studies agreed upon by all trade unions. Its scientific programme is defined every four years. On the other hand, it prepares studies commissioned by individual trade unions. The institute employs approximately 30 researchers. Main publications include: "La Revue de l'IRES", "La Chronique Internationale de l'IRES", "La lettre de l'IRES" and working papers.

Institut de recherche et documentation en économie de la santé (IRDES) – Institute for Research and Information in Health Economics

Address: 10 rue Vauvenargues, 75018 Paris

Phone: 00 33 1 53 93 43 00

Webpage: http://www.irdes.fr/

IRDES's primary mission is to provide high quality research and information for those who are interested in the future of health care systems. IRDES's multidisciplinary team monitors and analyses trends in the behaviour of consumers and health care professionals from a medical, economic, geographic and sociological perspective. In addition, IRDES provides access to health information for general public through its documentation center.

IRDES develops and conducts periodic and targeted surveys on populations, health care professionals, and institutions, to collect data on medical care production and consumption. Partnership agreements also enable it to make use of surveys conducted by other organisations (National Institute of Statistics and Economic Studies, sickness funds, IMS France.) IRDES publishes various working papers.

Ministère du Travail, des Relations sociales, de la Famille, de la Solidarité et de la Ville – Ministry of Labour, Social Relations, Family and Solidarity

Address: 127, rue de Grenelle, 75007 PARIS 07 SP, France
Webpage: http://www.travail-solidarite.gouv.fr/

Ministère de la Santé et des Sports

Address: 14, avenue Duquesne, 75350 PARIS 07 SP, France
Phone: + 33 (0) 825 302 302
Webpage: http://www.sante-jeunesse-sports.gouv.fr/

L'Observatoire des Retraites – Pensions Observatory

Address: 16-18 rue Jules César, 75012 Paris
Phone: 0033 1 71 72 12 00
Webpage: http://www.observatoire-retraites.org/

The Observatoire des Retraites has been created in 1991 by Agirc and Arrco schemes. Its main objectives are to:

- *promote studies and analyses of the French pension system and of foreign pension systems*
- *improve access to reliable and non-partisan information on pension systems.*

The main publication of the Observatoire des Retraites is the "Lettre de l'Observatoire des Retraites" which is published several times every year.

Observatoire Français des Conjonctures Economiques (OFCE) – The French Economic Observatory

Address: 69 quai d'Orsay, 75340 Paris cedex 07
Phone: 0033 1 44 18 54 00
Webpage: http://www.ofce.sciences-po.fr

The OFCE is both a university research centre and an institution for forecasting and *evaluating public policies. It brings together over 40 French and international researchers, including several internationally renowned research fellows and three Nobel Prize laureates. The OFCE is organised into four departments – Analysis & Forecasting, Research, Innovation & Competition, and Globalisation. The OFCE publishes both a quarterly review ("Revue de l'OFCE") and a monthly newsletter ("Lettre de l'OFCE") with in-depth analyses of pertinent subjects and issues of debate, as well as working papers. The Observatory also publishes annually several documents that bring together contributions from its specialists: L'Économie française, L'état de l'Union européenne, and the Report on the State of the European Union.*

Secrétariat général du Conseil d'orientation des retraites Conseil d'Orientation des Retraites (COR) – Pension Orientation Council

Address: 113, rue de Grenelle, 75007 Paris
Phone: 0033 1 42 75 65 50
Webpage: http://www.cor-retraites.fr/index.php

The COR is a structure created by the Jospin Government in 2000 that gathers representatives of the main stakeholders in the pension system (trade unions, employers' associations, pensioners' organisations, family associations, MPs, civil servants, directors of public pension administrations as well as experts). COR regularly feeds the pension debate by publishing reports and documents that are considered as highly reliable and serve as a basis for the preparation of pension reforms. All COR documents are publicly available on the internet.

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(1) to improve the knowledge and understanding of the situation prevailing in the Member States (and in other participating countries) through analysis, evaluation and close monitoring of policies;
(2) to support the development of statistical tools and methods and common indicators, where appropriate broken down by gender and age group, in the areas covered by the programme;
(3) to support and monitor the implementation of Community law, where applicable, and policy objectives in the Member States, and assess their effectiveness and impact;
(4) to promote networking, mutual learning, identification and dissemination of good practice and innovative approaches at EU level;
(5) to enhance the awareness of the stakeholders and the general public about the EU policies and objectives pursued under each of the policy sections;
(6) to boost the capacity of key EU networks to promote, support and further develop EU policies and objectives, where applicable.

For more information see:
http://ec.europa.eu/employment_social/progress/index_en.html