Ministère de l'Economie et des Finances
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de la Formation professionnelle et du Dialogue social

santé protection sociale drees
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Health Care Insurance in France : Its impact on income distribution between age and social groups

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Context : Two health insurance systems

– **Public Health Insurance (PHI) - compulsory :** "Each pays according to their abilities and receives according to their needs"

- solidarity between people in good health and people in ill health
- make health care accessible to all (but co-payments intended to increase user responsibility with regards to health care consumption)
- long-term insurance against the risk of illness

  - benefits depend on health expenditures (level and type) and status (long term illness regime = ALD, pregnancy, occupational accidents), not (directly) on age or income
  - taxes depend mostly on income and are progressive

Context : Two health insurance systems

- the Supplemental Health Insurance (SHI) : optional

- benefits depend on health expenditures, and on the quality of the insurance
- premiums depend mostly on the quality of the insurance, and in part on age (proxy for the risk)

– *the Supplemental Universal Health Insurance Coverage (CMU-C Couverture Maladie Universelle Complémentaire) : a free supplemental insurance system that guarantees full coverage for the most disadvantaged population group*

– *the Aide à la Complémentaire Santé (ACS) scheme provides financial assistance for the acquisition of supplementary insurance*

➢ Covers 94% of the population (ESPS - Irdes), of which 6% granted by the CMU-C

➢ Coverage depends on income level : households without SHI often have low income levels, and the SHI quality depends on purchasing power

Questions

- Potentially huge transfers, between age and social groups :
  - Health care expenditures amounted to 11.6% of GDP in 2011
  - The PHI provides 76.8% of these and the SHI, 13.7%. Out-of-pocket payments : 9.6%
- How large are the redistributive effects of PHI and SHI ?
  - Direct effects : financing (income level, and age for SHI)
  - Indirect effects, due to the correlation between income level, age, morbidity, health expenditures and SHI coverage
- How are the resulting out-of-pocket payments distributed among households ?

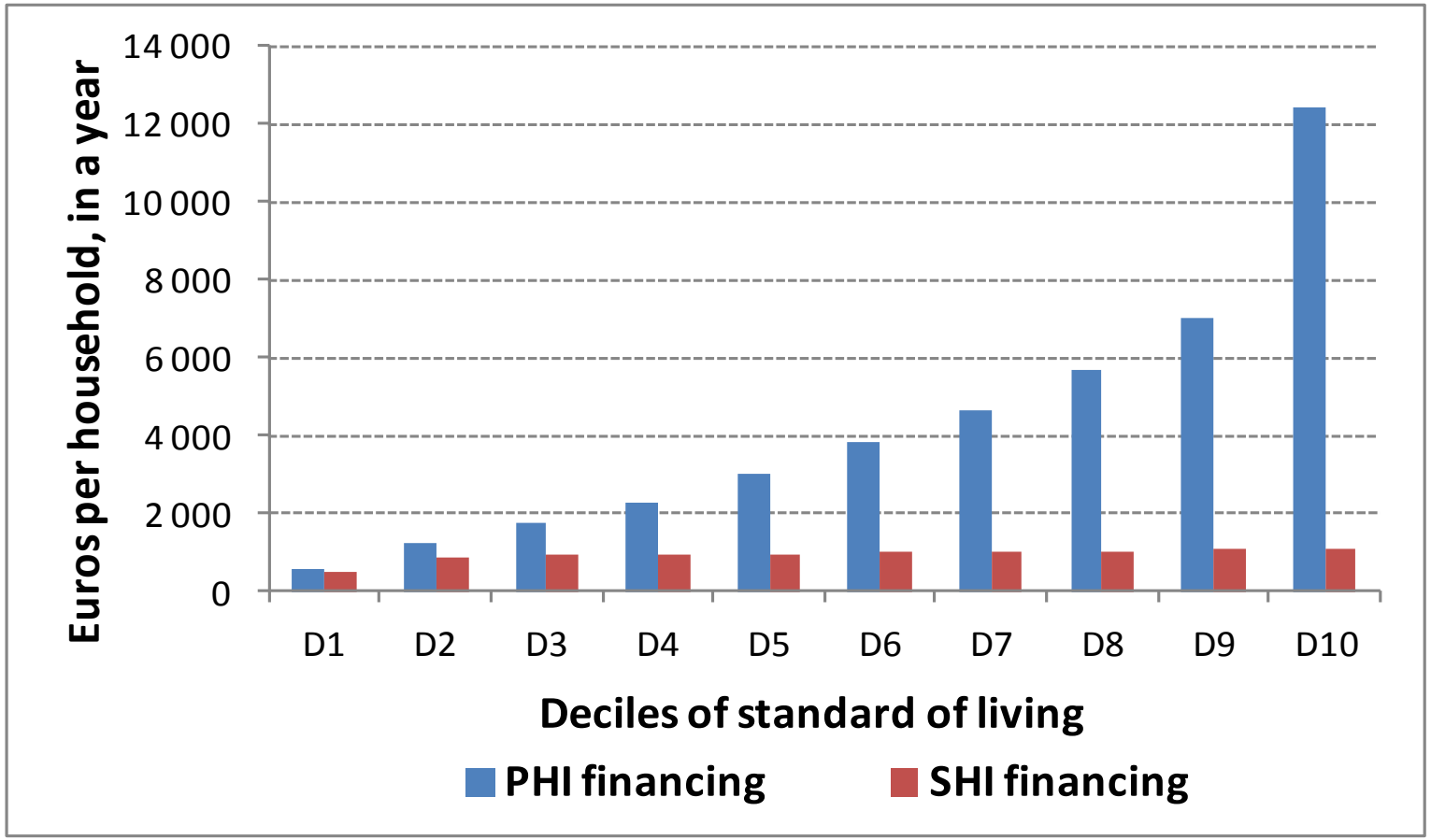
Method

- No individual database on :
  - PHI and SHI benefits
  - health care insurance benefits and contributions
- Database and microsimulation models :
  - **Ines** (Insee-Drees) : income and PHI financing. Data from l'Enquête revenus fiscaux = labour force survey (enquête emploi) + administrative data on income (DGFIP) and social benefits (CNAF)
  - **Omar** (Drees) : health expenditures and benefits from PHI (survey SPS-Irdes and PHI administrative data : Sniiram), SHI benefits and premiums (Drees survey on SHI)
  - The two models have been merged : Ines-Omar
- Method : microsimulation by imputation - year 2008
- Methodological paper to be published in *Economie et Statistique* in November (DREES working paper already available)

1. The impact of health care insurance on income distribution between social groups

From « La redistribution verticale opérée par l 'assurance maladie », in *Comptes de la santé 2011*, DREES

PHI financing strongly depends on income levels



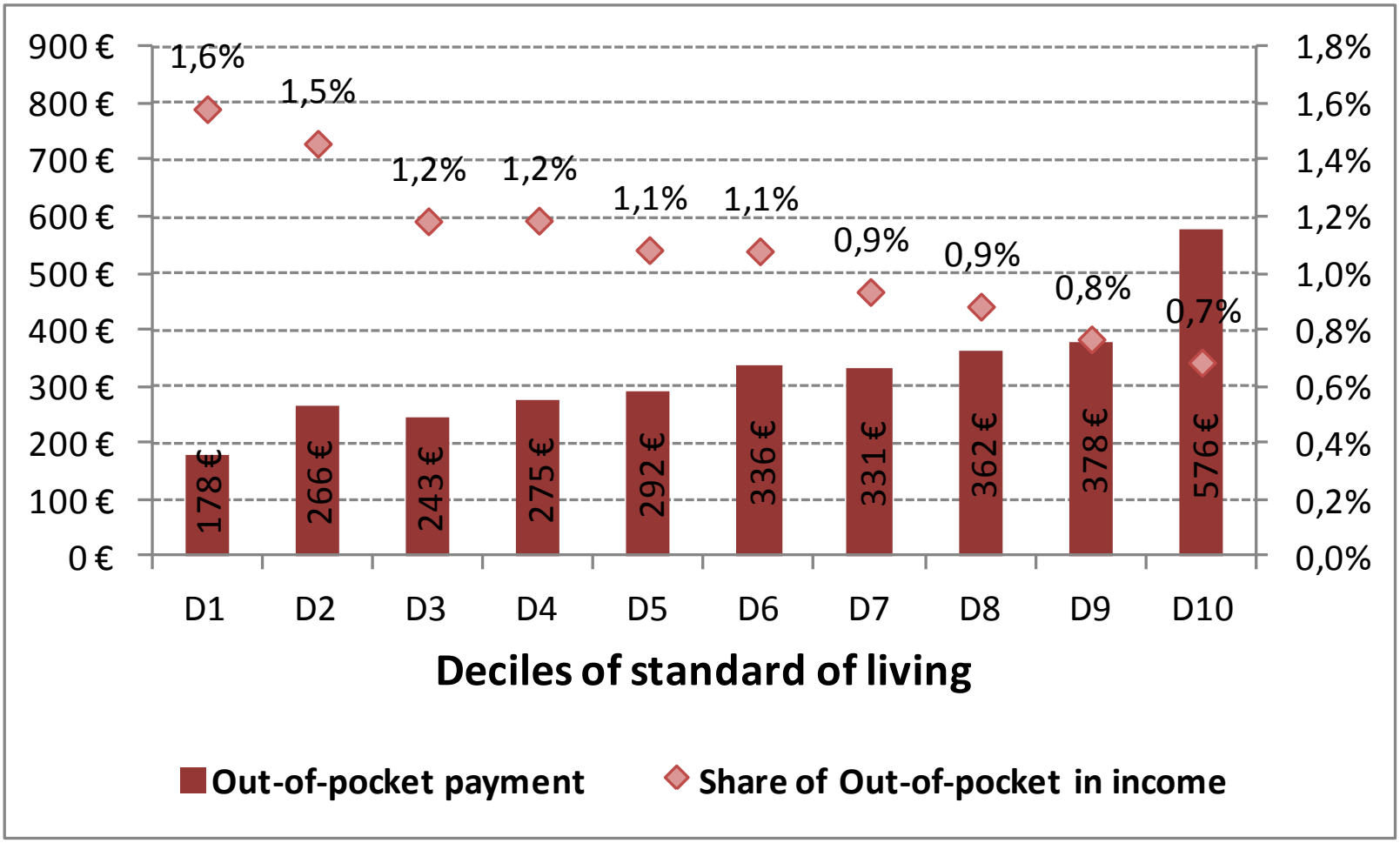
Source: Ines-Omar 2008

Health benefits are higher for households with lowest income

	of the 60% households with lowest income	of the 40% households with highest income
Average health expenditures	5 600 € (2 500 € / pers.)	4 700 € (2 000 € / pers.)
PHI average benefits	4 600 € (2 100 € / pers.)	3 500 € (1 500 € / pers.)
SHI average benefits	700 € (300 € / pers.)	800 € (350 € / pers.)

Source: Ines-Omar 2008

Out-of-pocket payment

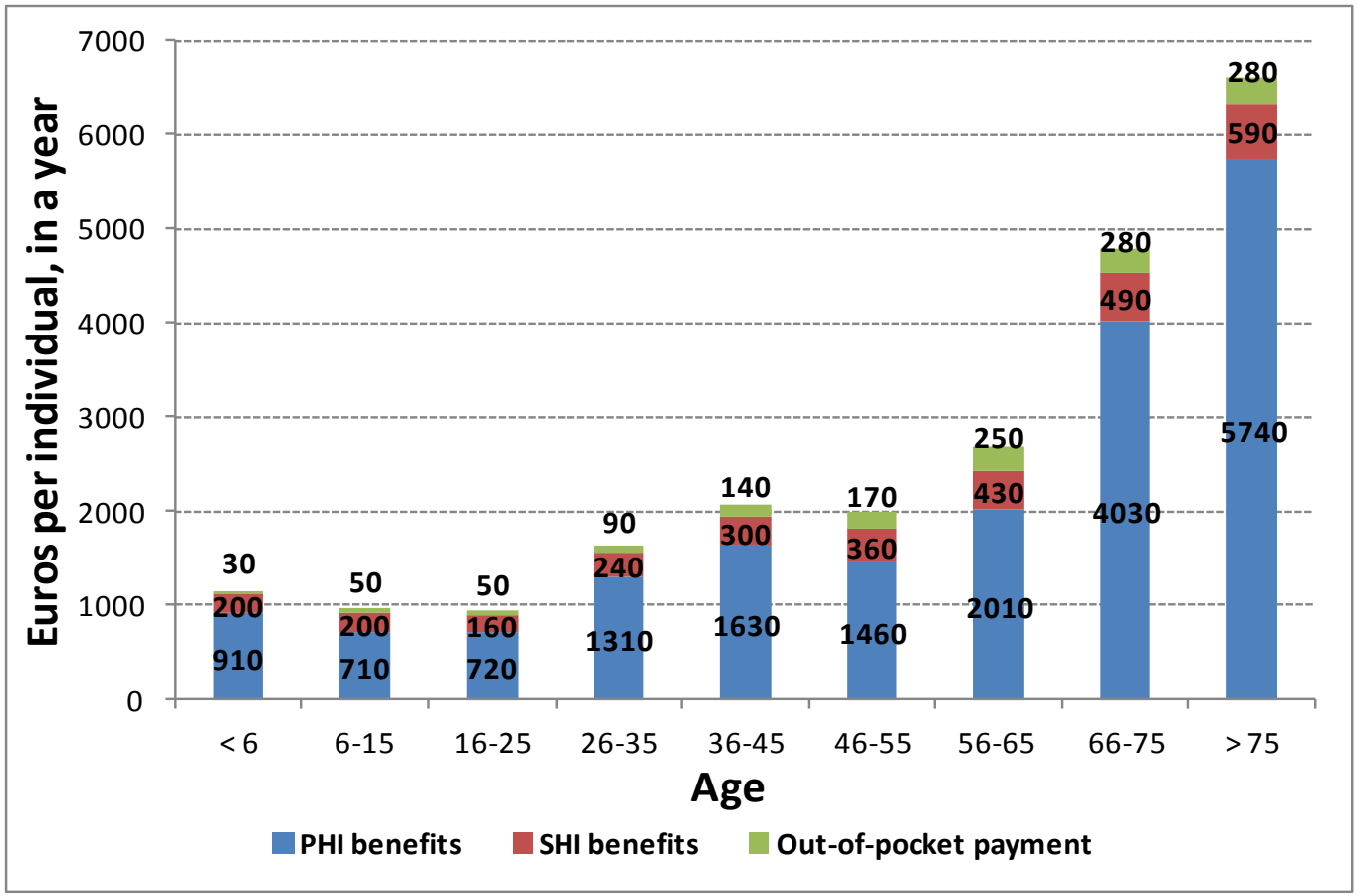


Source: Ines-Omar 2008

2. The impact of health care insurance on income distribution between age groups

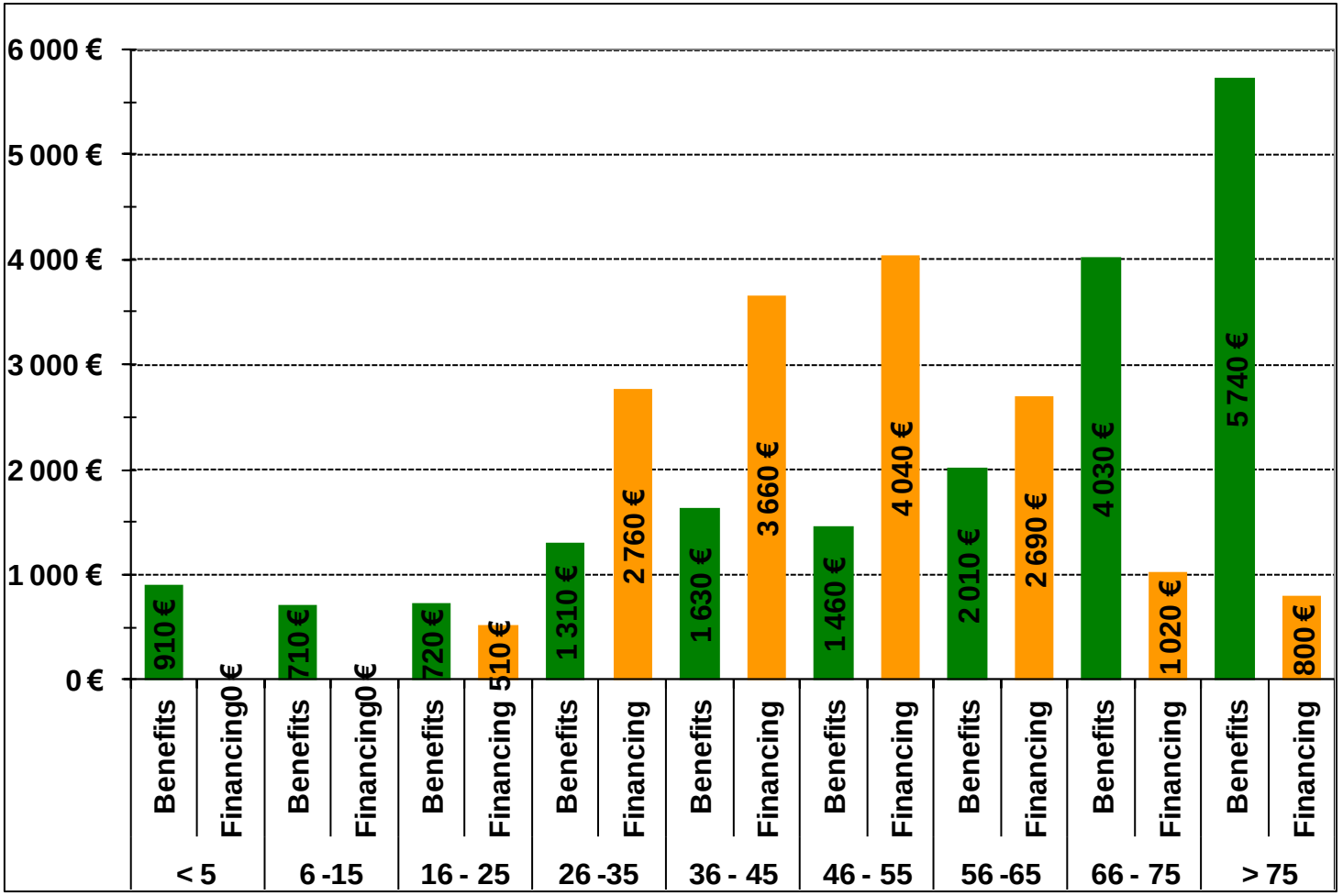
From « La redistribution opérée par l ’assurance maladie obligatoire et par les assurances complémentaires selon l ’âge », in *Comptes de la santé 2010*, DREES

Age, health expenditures and insurance benefits



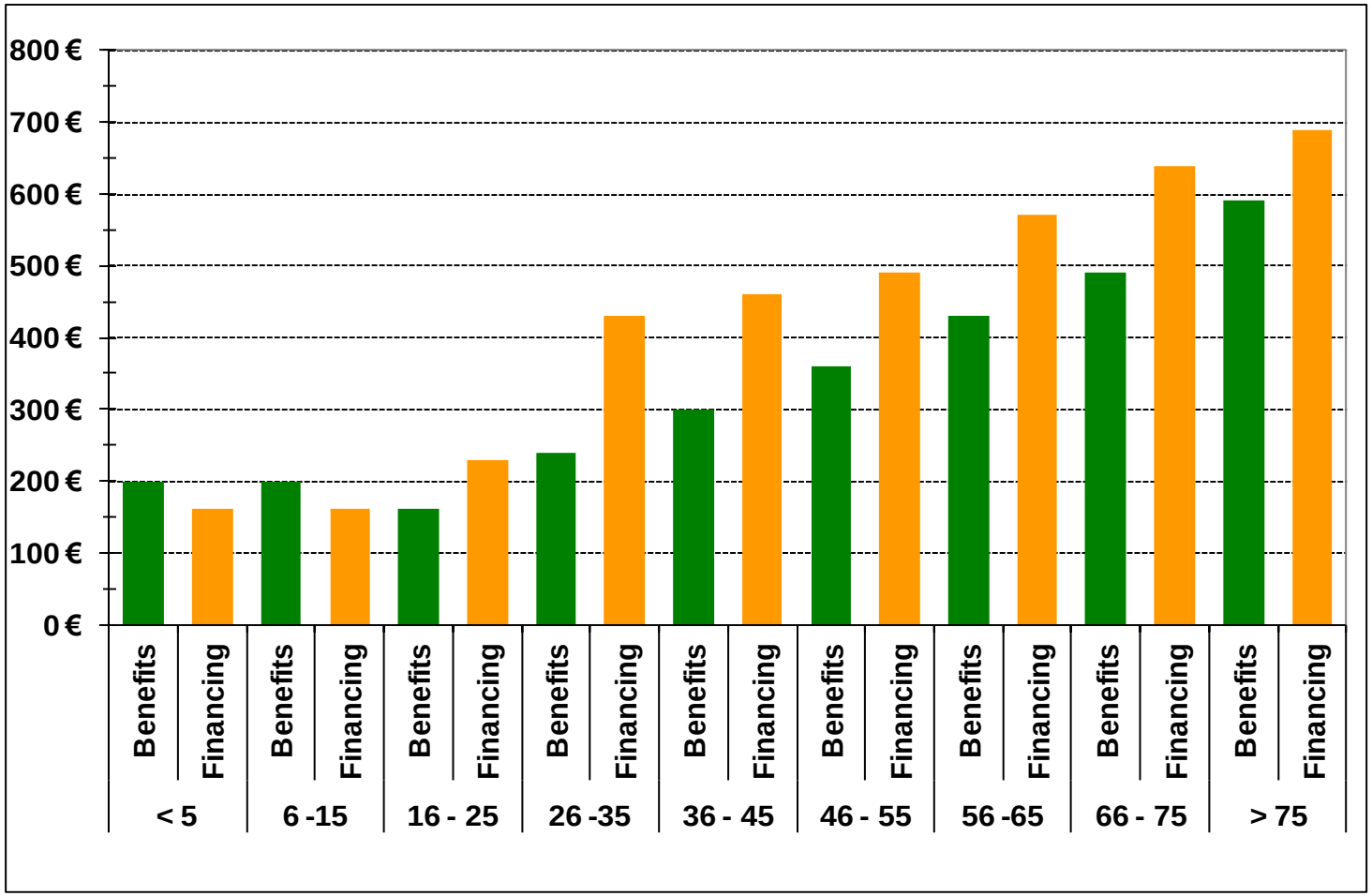
Source: Ines-Omar 2008

PHI financing and benefits



Source: Ines-Omar 2008

SHI financing and benefits



Source: Ines-Omar 2008

Conclusion

- PHI has important redistributive effects, that results from :
  - its financing (redistribution between social groups)
  - the increase of PHI benefits as age increases

- This redistribution reduces out-of-pocket payments for households with low income levels

- Heterogeneity among age and social groups : in each of them some people benefit from health care benefits superior to their contribution. Yet out-of-pocket payments are higher than average for these sick people

Limits

- Care foregoing, which depends on income levels, has to be taken into account to assess the access to care
- The life cycle redistribution cannot be assessed with this model
- Need for individual administrative data on PHI and SHI financing and benefits
- Work in progress : What is the share of health care insurance in the global redistribution ?

Thank you