



Press release

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PUBLIC FINANCES AND ACCOUNTS

THE SOCIAL SECURITY SYSTEM IN 2020

The health crisis has led to an unprecedented widening in the social security deficit, resulting from a fall in revenue and an increase in expenditure in response to the emergency. The result has been a considerable increase in social debt.

In order to safeguard the social security system over the long term and to avoid further increases in its debt, it seems essential to rebuild a new pathway to facilitate a return to a balanced financial position from now on.

To this end, the Cour des comptes recommends acting on the structural drivers of health insurance expenditure without reducing the quality of care of patients, to better target some of the solidarity benefits in order to better protect the most disadvantaged and to continue efforts to improve the management of social security bodies.

Constructing the return to equilibrium

As a result of the health crisis, the combined deficit of the general social security system and the old-age solidarity fund should reach €44.4 billion in 2020 (compared with €1.9 billion in 2019 and €28 billion in 2010, following the financial crisis). This unprecedented level of deficit is the result of a fall in social security revenue due to the consequences of the crisis (€27.3bn) and, to a lesser extent, additional expenditure (+€11.5bn) mainly on health insurance with the National Objective for Healthcare Spending (Ondam, Objectif national des dépenses d'assurance maladie) increasing by 7.6% in 2020. This situation has led to a debt assumption by the social security debt repayment fund of an equally unprecedented €136 billion. The health crisis could have a lasting impact on social security accounts by affecting the level and growth of social security revenue in the medium term.

Faced with rising expenditure, an increase in revenue earmarked to finance social security appears unlikely. Nor does the allocation of State revenue to social security seem desirable, given the deteriorating fiscal trajectory of public finances. Avoiding an increase in social debt therefore requires acting with regard to expenditure.

Uneven progress in controlling expenditure between 2010 and 2019

The outcomes in recent years by the different branches of social security are positive overall, but still insufficient and disparate.

In the family branch, expenditure control has been aided by the decline in the birth rate since 2014, but also by a series of equity measures aimed at prioritising help to the least advantaged families.



As for the pension system, it has undergone five major reforms between 1993 and 2014. In addition to increased contributions, these reforms affected the retirement age, the duration of contributions and the level of pensions. The inflation indexation of pensions and legal rights during the working career of insured persons has also played a substantial role. While these reforms will not be sufficient to ensure a balanced system by 2030 they have, nevertheless, brought changes in expenditure close to the rate of GDP growth in recent years.

Until 2019, health insurance expenditure had experienced a significant slowdown in growth. The Ondam to GDP ratio has in fact stabilised at around 8.3% in recent years. After its lowest point in 2016 (+1.8%), however, the grip on the Ondam was loosened: after increases of +2.2% in 2017 and 2018, then +2.6% in 2019, it had been set at +2.45% for 2020, even before the outbreak of the Covid-19 pandemic. These trends highlight the limitations of controlling health spending based solely on the financial mechanism that is the Ondam.

Further action required to make the health system more effective

The return to a balanced health insurance system requires structural measures. In line with previous years, the report illustrates this in three new ways.

- **Regional hospital groupings** (GHT, Groupements hospitaliers de territoires): the 2016 reform of hospital cooperation, aimed at improving access to quality care and seeking more economical management, must be continued. Some GHTs group together too few health establishments to be able to achieve the objectives of the reform. Moreover, a significant number of GHTs do not offer certain types of care, such as putting in stents or stroke treatment, and do not enable reducing the effects of the shortage of medical specialisms in certain areas;
- **The system of endowment funding for hospital activities:** in addition to funding received on the basis of per-stay rates, public and private health establishments receive specific funding for missions of general interest and contracting aid, and for public health actions of regional interest financed by regional response funds. In 2019, these two sources of funding represented a total of nearly €11 billion. The existence of overlaps between the different financial packages and an increasing stacking of budget lines, which are hard to understand for health establishments, require this funding to be simpler with a clearer division of responsibilities for their allocation between central administration and regional health agencies ;
- **Medical devices:** used in a growing number of diseases they represent an estimated expenditure of €15bn, increasing by around 4% each year. Until now, control measures have for the most part related to their prices. It seems necessary to act in parallel on updating reimbursement lists, the relevance of and compliance with prescriptions, and the optimisation of purchases by healthcare institutions.

Better targeting of solidarity benefits

Solidarity requires better targeting of certain benefits.

- **Minimum retirement pensions:** measures such as indexation to the wage prices used to calculate pensions favour insured persons who have full and upwardly mobile careers, and may penalise those who have experienced periods of unemployment or lower wages. For very small pensions, the minimum scheme needs to be made



clearer: designed to increase the pension of employees with a full career, it mainly benefits people with part-time or incomplete careers. Moreover, the complexity of the schemes means that almost half a million people who have retired have their cases pending final settlement for a long time.

- **Social action by the family branch:** the family branch has not been able to achieve the objectives set for the creation of nursery places, with a 63% completion rate, and regional inequalities persist. In view of the scale of the public funding mobilised (€5.8 billion in 2019), the required improvements must be made to these systems to offer families a quality service throughout the country.

There is still room for improvement in management

The effort to control expenditure also involves improving the quality and efficiency of the management of social security bodies.

- **Correct payment of social benefits:** it seems necessary to reduce the number of errors affecting the payment of social benefits, whether to the detriment of social finances or of recipients. Taking all branches together, these errors amounted to at least €5 billion in 2019 and have been increasing sharply in number and volume in recent years. The automation of management processes, digitalisation of declarations to avoid input errors and strengthening documentary and on-the-spot ex-post audits would make it possible to limit this phenomenon.
- **The organisation of social security funds and Unions for the Collection of Social Security Contributions and Family Allowances (URSSAF, Unions de Recouvrement des Cotisations de Sécurité Sociale et d'Allocations Familiales):** adapting the organisation of the benefit divisions of the general social security system and modernising the management of collection by the URSSAF network seem essential in order to improve the quality of the service and reduce costs.

[Read the report](#)

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