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FINANCE AND PUBLIC ACCOUNTS: SOCIAL SECURITY

REPORT ON THE IMPLEMENTATION OF THE SOCIAL SECURITY FINANCE ACT

In accordance with its constitutional duty to assist Parliament, the Court of Accounts is today publishing its 2023 report on the implementation of the Social Security Finance Act. For the first time, this report is being published in the spring at the same time as the newly created law approving the social security accounts is tabled. In this way, the Court sheds light on the financial position of the social security system in 2022, particularly in the area of health insurance expenditure, and its outlook for 2023 and future years. It takes stock of the implementation of a number of reforms and measures adopted by Parliament in recent years and uses various examples to illustrate the need to seek greater efficiency in public spending within the social security sector.

A financial position in need of improvement

In 2022, the social security deficit reached € 19.6bn, i.e. 0.7 % of GDP. Close to the amount voted in December 2021, it was characterised by two opposing trends. Revenue was € 22.8bn higher than forecast thanks to growth and inflation, which boosted the wage bill by 8.7 %. At the same time, spending exceeded the € 21bn target, mainly due to the greater-than-expected impact of the health crisis and the 4 % increase in pensions and other social benefits from July 2022. For health insurance in particular, the national expenditure target (ONDAM) was exceeded by € 10.4bn, of which € 6.8bn was due to crisis-related expenditure.

In 2023, the social security deficit should improve significantly, reducing to € 8.2bn, thanks to continued growth in revenue and a fall in crisis-related expenditure. However, this improvement is only expected to be temporary. From 2024, and despite the expected favourable effects of the pension reform, the social security deficit is set to deteriorate again. The pension reform is unlikely to restore the deficit of the old-age branch of the general scheme and the old-age solidarity fund, which will reach €4bn in 2030, or that of the national pension fund for hospital and local civil service employees (CNRACL) - more than € 6bn in 2030.

The financing of these deficits by the social security debt repayment fund [*Caisse d'amortissement de la dette sociale* (CADES)] is no longer guaranteed from 2024. If new financing measures are decided upon, they should be accompanied by a multi-year programme of reforms aimed at restoring the accounts on a sustainable basis. Compliance with the planned trajectory also assumes that the health insurance expenditure target is met. However, after several years of strong growth, even excluding the health crisis and increases for staff in hospitals and medico-social institutions, this will become very limited in 2023 and 2024, at levels below those of the inflation forecast. It is therefore important for corrective measures to be initiated should expenditure get out of control, whatever the cause, and for regulatory mechanisms to be implemented for all sectors, including primary care and daily allowances.

Finally, changes in hospital deficits and debts should be better monitored. The timetable for the payment of end-of-year budget allocations to hospitals should be accelerated to enable their accounts to be published more quickly.

Reforms to be continued

The second part of the report assesses the implementation of measures decided on recently and illustrates the need to continue reform efforts in four areas:

- **Experiments** on new ways of organising and pricing care, permitted by Article 51 of the 2018 Budget Act, **should be better selected**. **In addition**, the most promising projects **need to be better prepared for** widespread use, and those that fail to live up to expectations need to be phased out.
- **The organisation of the emergency medical services (SAMU and SMUR)** is examined against a backdrop where their activity, which is growing rapidly, often responds to **requests for care that are, in reality, the responsibility of primary care**, while regional coordination tools are slow to take off.
- **Compensation for maternity and paternity leave** is still unequal between social security schemes and payment by social security funds is **excessively long**, while **pre-natal leave is also insufficiently monitored**.
- **Preventing benefit fraud**, for which the social security funds have taken a number of measures, **needs to be scaled up** (computerisation, automated and *a posteriori* checks) in the face of an issue estimated at several billion euros a year.

Necessary changes

The Court also looked at four areas where the inquiries carried out revealed, to varying degrees, the insufficient effectiveness of public action:

- **The health insurance scheme's medical control initiatives, which focus on the appropriateness of medical procedures and prescriptions, suffer from a lack of essential tools**, such as the digitisation of diagnoses and electronic prescriptions. **The savings made, the calculation of which is not very convincing, are small** compared with other European countries, particularly when it comes to the distribution of generic medicines.
- When it comes to pensions, **there is still a large gap between men's and women's pensions**: 50 % for entitlement linked to periods of employment, 40 % taking into account solidarity schemes, in particular family pension entitlement, and 28 % by including the survivors' pensions received. **Such gaps and the differences in entitlements between schemes should prompt a reform of family entitlements and survivors' benefits.**
- **Social security for seafarers is a special scheme with specific historical features, the management of which has been destabilised** by several recent reforms. **In-depth reform is needed** to improve their protection against accidents at work and to ensure that their pension entitlement is more in line with that of all social security beneficiaries.
- Since 2019, the ordinary judicial courts have primarily **handled disputes between beneficiaries and social security bodies**, but the process **still needs to be simplified with greater use made of mediation**.

Read the report

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