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Public thematic report

THE FINANCIAL POSITION OF PUBLIC HOSPITALS AFTER THE HEALTH CRISIS

On the eve of the covid-19 epidemic, the overall financial position of public hospitals appeared to be deteriorating, with recurring losses (€558 million in 2019). Two investment plans, Hôpital 2007 and Hôpital 2012, had led to a tripling of financial debt to €30 billion in 2019. The interest burden of the debt and the declining profitability of the operating cycle had put a strain on their ability to finance new investments. To avoid a spiral of excessive debt, public hospitals have underinvested over the past ten years, which has led to their buildings and equipment becoming increasingly outdated.

Exceptional, uncontrolled aid improves hospitals' financial position

Paradoxically, the financial position of hospitals improved during the health crisis, thanks to the exceptional aid arrangements put in place. The additional costs of treating patients affected by covid-19 were covered by the national health insurance scheme (€3 billion allocated in 2020, €3.2 billion in 2021 and €0.7 billion in 2022). A financing guarantee compensated for the loss of revenue suffered by hospitals as a result of the fall in activity, in particular the cancellation of surgical operations (€2.5 billion in 2020, €1.6 billion in 2021 and €1.8 billion in 2022). New resources were allocated to healthcare establishments in return for salary increases granted under the Ségur healthcare agreements signed on 13 July 2020 (cumulatively, €1.1 billion in 2020, €5.8 billion in 2021, €7.2 billion in 2022 and €7.6 billion forecast for 2023). As a result, the resources of public hospitals increased overall, in line with their costs. However, the exceptional aid granted during the health crisis was not properly managed or monitored.

Growing distortions in the financial model of public hospitals

However, by 2022, public hospitals had not returned to their pre-health crisis level of activity (- 1.7 % of stays excluding sessions compared with 2019), due to some patients forgoing care, increased competition from the private sector and the effects of a shortage of nursing staff. The nature of hospital activity also changed, with continued growth in outpatient care, which allows patient treatment paths to be arranged during the day.

Human resources have become a major concern. Despite a 2.7 % increase in the number of salaried staff in the public hospital sector between 2018 and 2021, operating difficulties have increased due to recruitment constraints, a rise in absenteeism and the strain placed on staff by night and weekend shifts.

From a financial perspective, the reduction in actual patient capacity in many hospitals is putting pressure on their operating revenues and on their ability to cover fixed costs. Against this backdrop, the conditions for the long-term equilibrium of the operating cycle of public

hospitals have yet to be defined. The current reform of charges for hospital stays should help to achieve this.

Large-scale additional aid under the Ségur de la santé programme

In addition to the financial assistance provided during the health crisis, the public authorities have undertaken structural measures under the Ségur de la santé programme, aimed at restoring the financial capacity of over-indebted hospitals, restoring a sufficient level of ongoing investment and carrying out major modernisation projects. The amounts committed total €15.5 billion between now and 2029. They are financed by exceptional, non-renewable resources, including a deduction of €13 billion from the revenues of the social debt amortisation fund (Cades) and a contribution of €2.5 billion from the France Relance plan, refinanced by the EU. An analysis of the distribution of these amounts between health care institutions raises questions about their effectiveness, as they are spread too thinly.

Debt-reduction aid spread too thinly

Aid to restore the financial capacity of public hospitals and private health establishments of collective interest (Espic), amounting to €6.5 billion between now and 2029, has been insufficiently selective (almost 80 % of public hospitals have benefited). This aid has not been enough to provide lasting solutions for those in the worst financial position. Furthermore, it was allocated without any counter measures aimed at restoring the conditions for healthier operation. The Court recommends the development of financial recovery strategies tailored to each of the hospitals with the largest deficits and excessive debt, within the overall framework of the regional organisation of healthcare provision.

A dilution of aid for structural investment, and a need for tighter management

The management of the investment aid scheme is sub-optimal. The regional health agencies have selected an excessive number of structural investment projects for the 2021-2029 period, representing very high amounts (€27.2 billion). As a result, aid levels are too low in view of the requirements. The implementation of these investments could lead to a further increase in the debt of public hospitals, which would further weaken their financial position. This risk is all the greater given that project costs will have to be revised upwards against a backdrop of rising construction costs and rising interest rates. The Court therefore considers it essential to review the programming strategy, by prioritising projects or staggering their implementation over time, for a given amount of aid for structural investment.

Read the report

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