



PRESS RELEASE

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FINANCE AND PUBLIC ACCOUNTS

SOCIAL SECURITY

The Cour des Comptes has published its annual report on the implementation of Social Security Finance Acts, after publishing its report on social security financial results in 2018 last June.

While the 2019 Social Security Finance Act provided for a return to balance in 2019, the deficit will actually increase significantly.

The return to balance, now forecast for 2023, must be accelerated by stepping up efforts to control expenditures.

The Court has made 42 recommendations aimed at ensuring a lasting return to financial equilibrium on the part of the social security system, making use of replacement incomes more selective, accelerating the transformation of our health system and further modernising the social security service's relationship with insured parties.

A postponed return to balance and a need for greater control of expenditures

According to the 2020 Social Security Finance Bill (LFSS), the general scheme and the Old-Age Solidarity Fund (FSV), rather than returning to balance this year, will record a deficit of €5.4 billion in 2019 and €5.1 billion in 2020, as against €1.2 billion in 2018. This sudden deterioration interrupts the return to balance trajectory begun in 2011.

The €5.5 billion difference from the balance forecast by the 2019 LFSS for 2019 is due in equal parts to:

- the emergency measures taken at the end of 2018 and not compensated by the State: Generalised Social Contribution (CSG) of 6.6% for certain pensioners and moving forward of the exemption for overtime to 1 January (€2.7 billion);
- the failure to meet the LFSS forecasts for 2019 (€2.8 billion): in particular a lower increase in the wage bill (for an impact of €1 billion on revenues) and acceleration of expenditures (+2.5% as against the expected +2.1%, i.e. an impact of €1.4 billion).

Taking account of the levels reached by mandatory levies, the social security's return to lasting balance requires bringing the increase in social security expenditures back to or below the level of economic growth in the medium term, which determines the evolution of its revenues. It is also important to define methods for repayment of the debt financed by short-term loans issued by the Central Agency of Social Security Bodies (ACOSS). From almost €24 billion at end 2018, its total could reach nearly €46 billion at end 2022 as currently projected in deficit forecasts.

There are margins for savings and efficiency in order to achieve a sustainable balance while improving the effectiveness and equity of our social protection system.



"Social niches": dynamic, inadequately managed mechanisms in need of rationalisation

In 2019, derogations from social security contributions are expected to have an impact of at least €90 billion on social security revenues, mainly offset by the State, including €52 billion in general contribution relief aimed at reducing labour costs. At the same time, there has been on decrease in targeted exemptions. It is important to define more precisely what a "social niche" is, use more robust methodologies to assess the effects of the main mechanisms, and draw conclusions by closing or abolishing the mechanisms assessed as ineffective.

Daily allowances: increasing expenditures on health risk cover, a need to control absences from work

The rapid increase (+4.4% in 2018) in expenditures on sick leave compensation (€8 billion) far exceeds that of the wage bill, which is the basis for calculating the amount of compensation and most Assurance Maladie revenues. This reflects the increased activity of employees, whose retirement has been delayed by successive reforms, as well as the general increase in the average length of absences.

The Court recommends that physicians be better supported in their prescriptions, that employees be made more responsible by introducing an uncompensated waiting day, as is the case for civil servants, and that companies be given financial incentives to act on the determinants of the demand for sick leave linked to working conditions. In addition, Assurance Maladie must continue to reduce unjustified or avoidable expenditures due to suboptimal management methods.

Disability pensions: essential modernisation to ensure improved support to insured parties

Disability pensions are paid to insured parties whose ability to work has been reduced as a result of non-work-related accident or illness. Following the pension reforms, their human and financial weight has increased significantly (€10 billion paid out to 820,000 insurees in 2017). Coverage of disability risk has changed little since 1945 and is inconsistent. Independently of any corrections that may be made, disabled people should be provided with better assistance in getting back to work when their state of health so permits, as well as in the exercise of their social rights. There is also room for improvement in proper payment of benefits.

Early retirement: numerous unequally justified mechanisms; a need for redefinition

The Court examined the seven main schemes for full retirement before the legal age of 62 or at the legal age, but without the required insurance period. In 2017, nearly half of all retirements were in the context of such schemes, as against a third in 2011 (for €14 billion in expenditures in 2016). This increase is mainly due to early retirement for long careers, rules for which were relaxed in 2012.

In the context of future changes in the pension system, it is necessary to stabilise the rules on long-term retirement (the flow of which has now reversed), give priority to phased transitions from employment to retirement, continue to review "active" categories in the civil service and encourage employers to better prevent arduous working conditions.

Organised transport in healthcare and medicosocial sectors: issues requiring better recognition and regulations that need remodelling



Expenditures on patient transport by ambulance, light medical vehicle (VSL) or approved taxi (€5 billion in 2017) is high compared with other countries, dynamic (+4% in 2018) and insufficiently regulated. Depending on the local composition of the transport offer, they vary considerably between comparable *départements*.

Increased accountability of patients, prescribers and transporters is essential. To this end, all transport prescribed by facilities should be financed from their own budgets (more than 60% of the total), refocus prescriptions on their medical purpose and universalise their dematerialisation.

Procedures and consultations outside hospital settings: an activity to be integrated into definition of the healthcare offer of care

Procedures and consultations outside hospital settings (€4.2 billion in Assurance Maladie expenditures in 2017) are provided by salaried doctors, but financed at the rates applicable to private practitioners. This activity is more dynamic than in the city, but largely unknown, and hospitals must continue to improve their management. In addition, external acts and consultations must be fully integrated into the ongoing reorganisation of provision of care within the territorial framework, in order to contribute to achievement of the objectives of improving access to care and increasing the efficiency of the health system set by the public authorities.

The policy on transplants: a fragile transplant chain that needs better organisation

Transplants save lives and help improve others. France has improved its international position, but the list of patients waiting for transplants, kidney transplants in particular, is growing. In addition, the number of transplants performed decreased in 2018 (5,781 in total). The objectives of the 2017-2021 transplant development plan will be difficult to achieve.

The Court has identified several levers to increase the number of grafts and reduce waiting times. In addition, it calls for renewed attention to equal opportunities for patients, increased monitoring of all links in the transplant chain and more efficient use of resources.

Medically assisted procreation: a need for improved efficiency

In 2017, medically assisted procreation accounted for 25,614 births (3.3% of the total, as against 2% in the early 2000s). Despite a significant financial effort, the success rate of attempts at *in vitro* fertilisation is only within the European average and there are significant disparities between clinico-biological centres, about which the public is insufficiently informed. In the current bioethical framework, Assurance Maladie's coverage of medical and biological procedures must take better account of efficiency issues in the field of medically assisted reproduction.

Social security funds' service relationship with insured parties in the digital age: changes requiring expansion

The digital transformation of social security funds' service relationship with insured parties is well underway. However, the teleservices offer is still incomplete. In addition, policyholders still make extensive use of traditional contact methods and sometimes take redundant steps.

Dematerialisation of procedures must be continued while ensuring that assistance is provided to policyholders who need it most in their use of digital tools. It is also necessary to improve the quality of the service provided and pool teleservices and insured parties' data more widely between social security bodies in order to simplify procedures, better detect the non-take up of rights and improve the payment of benefits.


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