Economic incentives for OSH promotion

French system and issues

Rome – June 26th 2010
Anne-Marie Nicot
General context

- The Health insurance (CNAM) is part of the social security system
  - A budget separate from the State budget
  - Funding by contributions based on wages (not taxes)
- The general health insurance (CNAM)
  - Funding by contributions paid by employers and employees
  - 166 billion Euros of expenses in 2008
- The WA/OD insurance (AT/MP branch, CNAMTS)
  - Funding by contributions paid by employers
    - Average contribution rate: 2.184% of the wage bill in 2005
    - 11 billion Euros of expenditures in 2008
WA/OD insurance general rules - expenditures

- Expenditures cover spending related to WA/OD
  - All cure costs (including prosthesis)
  - Cost of functional rehabilitation, occupational re-education or redeployment
  - Sickness benefit (daily allowance)
  - In case of permanent invalidity, payment of a life annuity (or a lump sum payment)
  - In case of death, payment of a life annuity to legal successor

- Amount of these expenditures in 2008: 7.5 billion Euros
- There is no reserve fund
- Since end 1990’s: a growing annex budget (2.2 billion Euros in 2008)
Three calculation methods

Employers with less than 10 employees: « Collective rate »
- Contribution rate fixed ex ante
- Depends on the main activity (risk category) of the company
- The rate is the same for all companies in the same activity

Employers with 200 employees or more: « Individual rate »
- Contribution rate fixed ex post
- Calculated by the ratio between all the WA/OD expenses for employees of the company and the total wage bill
  - Ratio based on the last 3 years

In between (10 to 199 employees): a « mix rate »
- A share of collective rate and individual rate defined proportionally to the number of employees
- CNAMTS presents it as close to the car insurance system
WA/OD insurance - financial incentives

- **Discount on WA/OD contribution**
  - The health insurance can afford discount for companies making a noticeable effort of prevention
    - Based on a report of the CRAM prevention service
    - After mandatory advice of Health and Safety Committee and labour inspectorate
    - Rate limited to 25 % of the collective rate
    - Afforded for one year (renewable by a light procedure)

- **Additional contribution**
  - Can be imposed to companies which do not respect OSH rules
    - After a preliminary injunction indicating actions to take and delays
    - Rate limited to 25 % of the normal contribution
    - Can be increased significantly (up to twice the normal contribution) if directives not implemented or second offend
Other incentives – Prevention contracts

- The CNAMTS signs ‘National Target Contracts’ with branches
  - Define a specific action program for the sector
  - Signed for 4 years (around 50 on-going NTCs)
  - Mandatory framework for ‘prevention contracts’

- The CRAM signs ‘Prevention contracts’ with companies
  - Companies under 200 employees and covered by a NTC
  - Contract
    - Defining initial situation, final target, action plan, expenditures, amount of subsidies, delays, assessment rules
    - Validated by Health and Safety Committee and labour inspectorate
  - Subsidies
    - 1,000 to 25,000 Euros
    - Cover material investment, training, or experimentations
Other incentives – the FACT

- On the budget of the Labour Ministry
  - For companies (under 250 employees) or groups of companies, or branches
  - For projects aimed at the improvement of working conditions (beyond mandatory actions)
    - Consultancy
      - A maximum of 15 days and 1,000 Euros / day / company
    - Technical studies (in a project of new work equipment)
      - A maximum of 50 % of total expenditure (limited to 50,000 Euros)
  - Projects assessed by ANACT
    - Mandatory advice of the Health and Safety Committee
  - Priority to projects relating to MSD, PRS, ageing worker
  - In 2009, 150 projects subsidised for a total amount of 2.5 M. Euros
Beyond the general rules – Annex expenditures

- ‘Under-reporting’
  - Since 1997, the Social Security code includes a rule of transfer from the WA/OD branch to the General Health Insurance
    - Compensation for the ‘under-reporting’
    - Every three years, the Government Accounting Office provides an assessment of the ‘under-reporting’ amount
  - Sharp increase of transfers
    - 137 million euros in 1997
    - 710 million euros in 2009
      - For an ‘under-reporting’ estimated between 565 and 1015 M€
  - Why?
    - For the major part, progress in knowledge on OD
Under-reporting of OD – causes and issues

- The major cause of under-reporting: cancers
  - Estimated between 232 M€ and 607 M€ in the last report
  - The InVS conducted a study on five cancers to assess the number of OD

<table>
<thead>
<tr>
<th>Type of cancer</th>
<th>Estimates</th>
<th>Reported</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bladder</td>
<td>625 to 1100 cases</td>
<td>7</td>
</tr>
<tr>
<td>Nose, sinuses</td>
<td>113</td>
<td>60</td>
</tr>
<tr>
<td>Lung</td>
<td>2713 to 6051</td>
<td>458</td>
</tr>
<tr>
<td>Leukaemia</td>
<td>112 to 413</td>
<td>27</td>
</tr>
</tbody>
</table>

- Some carcinogens (glycol ethers, cadmium …) are not listed in the tables of OD

- Another cause: Obstructive Chronic Bronchopneumonia (102 to 178 M€)
  - Tables of OD limit eligibility to some occupations

- The classification of a disease as occupational relies on a set of tables
  - Provide a list of pathologies and the conditions of eligibility
    - Length of exposure (single cause), type of works, timeframe for reporting
  - If the situation does not fit in any table, heavy procedures
  - Evolution of tables by decree
The major annex expenditures – asbestos costs

- 1.1 billion Euros are transferred to
  - FCAATA, for anticipated retirement of workers in major industries using asbestos (ca. 800 M€ in 2008)
  - FIVA, for compensation (ca. 300 M€ in 2008)
    - To prevent legal proceedings (except for unforgivable negligence)
- An official report on FCAATA underlines that
  - 93 % of the burden is borne by the WA/OD branch
  - This situation is not satisfying
    - ‘Responsibilities are diluted in a general unbalanced mutualised system’
  - Proposes a 3/3 system
    - 1/3 for the government
      - Declared as responsible by the State Council in 2004
    - 1/3 for the major users (and beneficiaries)
WA/OD situation – 2008 figures

- **Number of employees**: 18.5 million

- **Work accidents**
  - On decrease: 704,000 (- 2.2 %)
  - While the number of employees increases (+ 1.3 %)
  - Decrease of
    - Lethal accidents: 569 (- 8.5 %)
    - new permanent disability: 44,000 (- 5.1 %)
  - *Lowest frequency rate*: 38 WA / 1000 workers

- **Occupational diseases**
  - On increase: 45,500 (+ 3.6 %)
  - 75 % of new OD: MSD
  - Number of days for temporary disability: 8.7 million (+ 11.1 %)
OSH and economic issues

- **Major adjustments in the system**
  - The insurance system fits well for accidents
  - But show majors limits for occupational diseases
    - Timeframe between exposure and diseases
    - Present limits in knowledge
      - threshold values, multi-exposure …
      - Social debate and economic issues
  - The consequences of negligence is mainly borne by the general health insurance system
    - Lack of information for victims and physicians, complexity of procedures

- **Up coming issues: the development of precarious status**
  - For 2009-2012, temporary work in national priority for prevention

- **How to avoid inefficient spreading of public money ?**
  - Subsidise clearly defined and assessable projects