

# Economic incentives for OSH promotion



## French system and issues

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# 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)**

# WA/OD insurance general rules - receipts

## ■ 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

Type of cancer	Estimates	Reported
Bladder	625 to 1100 cases	7
Nose, sinusitis	113	60
Lung	2713 to 6051	458
Leukaemia	112 to 413	27

- 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