

In France, private payers cover out-of-pocket costs

French culture favors a public system of healthcare delivery with price control and total physician autonomy

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Medicare is on course to be flat broke by 2024, according to a recent U.S. Treasury report, and government leaders are quite panicked about the situation.

It's a significant contrast to what I observed last month in France while traveling with the Academy for International Health Studies. Along with 35 other U.S. delegates, I took a deep dive into the French healthcare system and discovered that its collective fund used to pay for healthcare has been broke for 10 years. In fact, the country is currently spending almost twice as much on healthcare as it's taking in with a 2.9% growth trend projected for 2011.

Ranked as the best in the world by the World Health Organization, France is also one of the more expensive systems at \$3,709 per capita in spending, or 11% of GDP. France earns its title because of universal coverage, the sacrosanct relationship between patient and provider, and its longer than average life expectancy.

Everyone in France has access to the public system, which is financed by payroll and income taxes. The funds are independently managed by multistakeholder boards, although the state largely regulates the system through direct controls on provider prices, taxes and copays.

Private health insurance policies are used not for jumping the queue—as is often the case in other European countries—but for covering high out-of-pocket expenses. Premiums are based on income, not on risk, and more than 90% of the French have private insurance, including the poor who receive subsidies to purchase the plans. Out-of-pocket payments account for 9% of spending.

"The complementary private system is tolerated, but barely," Alain Rouché, president of the French Federation of Insurance Societies, told us. "The French don't want the private insurers to take over."

The U.S. delegates attributed that fact to the French cultural belief in *liberté, égalité, fraternité*. Cultural beliefs do make a surprising difference in healthcare for the consumers as well as the providers.

DOCTORS MAKE THE DECISIONS

Ambulatory care, for example, is very much a cottage industry. It's not unusual to find a physician practicing out of a black bag in a tiny apartment with no staff support or nursing assistance. A general practitioner (GP) might have 25 appointments a day and would collect the government-controlled payment of \$32.50 directly from the patient, who is reimbursed separately.

It was surprising to find out that one-third of providers charge more than their government-set rates.

These "Sector II" fees vary greatly, depending on the price the market will bear. The principle of *médecine libérale*—in other words, the autonomy of physicians to prescribe clinical treatment—means there is no gatekeeping, no prior authorization and nothing between the doctor and the patient.

While it might seem as if the tried and true principles of managed care that we leverage in the United States could help the French get spending under control, they're deeply committed to *médecine libérale*. The few pay-for-performance programs coming down from the public payer just recently have left some doctors displeased, although most understand that with the economy being the way it is, something has to give.

