



France: Group Health Coverage Mandated for January 1, 2016

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Beginning January 1, 2016, all private-sector employers in France, regardless of size, will be required to enroll all employees in a supplemental group health policy that provides specified minimum coverage and respects new maximum benefit limits. In addition, employers will be required to pay at least 50 percent of the premium cost for employee-only coverage. Although the requirements apply to employee-only coverage, it is highly common for employers to extend benefits to dependents, in which case employers may be required to pay the same percentage of premium for dependent coverage if their plan has a single rate for family coverage. The implementation process will require consultation with works councils (where they exist), direct consultation with employees, or compliant notification to employees. This process may take several months, so employers should plan accordingly.

While French social security provides robust and comprehensive medical benefits, supplemental plans are already highly common among larger employers, with 95 percent prevalence for companies with more than 100 employees but only about 33 percent prevalence among companies with fewer than 10 employees. While some large employers with existing plans may be affected by the maximum coverage limits, smaller employers not currently offering a plan will feel the greatest impact.

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Background

This obligation was first introduced by the Employment Security Law of June 14, 2013, but implementing regulations and minimum/maximum coverage standards were not issued until November 2014 and February 2015. The law is intended to create greater parity among the working population's access to health coverage by supplementing social security benefits. Supplemental health plans in France pay social security copayments, physician fees charged in excess of social security reimbursement amounts, and services not covered by social security. Supplemental plans are generally coordinated with social coverage, and plan reimbursement rates are tied to those of social security.

Key Features and Dates

Qualified supplemental group health coverage must be offered by all private-sector employers as of January 1, 2016, and all employees must be enrolled unless they qualify for a recognized exemption.

Minimum coverage requirements

Supplemental group health plans must provide a minimum level of coverage:

- ❖ **Inpatient and Clinic:** 100 percent of the daily hospital and clinic copayment fees established by social security
- ❖ **Outpatient and Exams:** 100 percent of the social security copayments (“ticket modérateur”) applicable to consultations, treatments, and services covered by social security; and unlimited reimbursement of excess fees charged by physicians who have concluded a care access agreement (“Contrat d’Accès aux Soins”)
- ❖ **Dental:** 125 percent of the social security reimbursement rate for dental prosthetics and orthodontia
- ❖ **Vision:** Minimum reimbursement of between EUR 100 and 200 for lenses and frames, according to the degree of vision correction every two years or more frequently if the prescription changes
- ❖ **Premium:** The employer must pay at least 50 percent of the applicable group insurance premium

Maximum Benefit Limits

- ❖ **Outpatient & Exams:** 125 percent of the social security reimbursement of excess fees charged by physicians who have not concluded a care access agreement (“Contrat d’Accès aux Soins”), which will be further reduced to 100 percent in 2017
- ❖ **Vision:** Maximum reimbursement of between EUR 470 and EUR 800 for lenses and frames (EUR 150 max for frames), according to the degree of vision correction, every two years or more frequently if prescription changes

Companies may establish different benefit levels for objective employee categories (e.g., executives and non-executives), but all employees in the applicable category must be enrolled under the same terms, unless they qualify for an exemption. For example, if the employer is paying a portion of dependent coverage premium, then all dependents must be enrolled unless they qualify for an exemption.

Participation Exemptions

Employers must enroll all employees unless the employee qualifies for a recognized exemption and the company's plan rules permit the exemption. Acceptable exemptions are defined in Article R.242-1-6 of the Social Security Code and include:

- ❖ Employees and apprentices on fixed-term contracts less than 12 months in duration.
- ❖ Employees and apprentices on fixed-term contracts lasting 12 months or more, provided they make written request to be exempted from the employer plan and provide proof of comparable coverage.
- ❖ Apprentices and part-time employees for whom the established premium contribution represents 10 percent or more of their gross earnings.
- ❖ Employees receiving state benefits for supplemental health insurance (ACS or CMU-C).
- ❖ Employees with individual coverage, provided that the existing coverage is in force at the time the company plan is established or is in force at the time of hire, and then only until the end of the existing annual contract term.
- ❖ Employees who are covered by another qualified group plan, provided the existing coverage remains in force and that the employee presents evidence of coverage each year.



Implementation Agreement

Implementation of supplemental group health coverage requires a legal instrument, which can be in the form of a:

- ❖ Company/works council agreement (larger companies with works councils).
- ❖ Referendum agreement (acceptance by the majority of current employees).
- ❖ Unilateral employer decision (often chosen by smaller companies, as it does not require employee consent, but it does require written notification to all existing and future employees).

Written and compliant documentation of the agreement or decision is required in all cases.

Employers should work with their broker/consultant to evaluate provider offerings and take into account providers that may be recommended under applicable collective bargaining agreements.

Key Dates

**April 1, 2015**

All new health insurance contracts must meet the new qualified coverage requirements (Social security circular L. 871-1 of February 5, 2015).

All existing coverage that does not meet the new qualified coverage requirements may remain in place (grandfathered) until December 31, 2017, provided that a collective or company agreement states that no coverage adjustments will be made during the transition period.

January 1, 2016

All employers must offer group health insurance.

December 31, 2017

All group health contracts issued before April 1, 2015, must meet the new qualified coverage requirements (Social security circular L. 871-1 of February 5, 2015).

Next Steps to Consider

Employers that are not currently offering supplemental group health coverage will need to ensure that a plan is put in place on or before January 1, 2016. New coverage must be compliant with the minimum and maximum coverage requirements and the employer at least 50 percent of the employee-only premium cost. Employers must also choose one of the three accepted legal frameworks for establishing a plan. If employers wish to establish the plan by unilateral employer decision, they should seek professional assistance to ensure that the decision is properly drafted. Employers are directly responsible for properly communicating the decision to all existing and future employees.

Employers that are currently providing supplemental group health coverage should check with their brokers, advisors, or carriers to ensure that their plans are compliant with the applicable minimum and maximum coverage requirements as of January 1, 2016, or that proper documentation is in place to continue existing benefits under grandfathered status until December 31, 2017.

All employers should establish a process to ensure that all eligible employees and dependents (if dependent coverage is provided by the plan) are enrolled and that proof of any exemptions is collected annually.

For more information, please contact your Lockton Global Benefits consultant.



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