

Revision of the

# System of Health Accounts

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## Comment Unit 9

### French comments on the discussion paper on unit 9 “Classification of financial sources” (FS)

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**French comments on the discussion paper presented at the 8-9th October OECD meeting  
about unit 9 “Classification of financial sources” (FS)**

Choice between option A and option B

The paper proposes two options:

- Option (A) by funding sources (compulsory taxes, social insurance contributions, insurance premium....);
- Option (B) by institutional units (households, government, business).

In our opinion, it is both important to be able to distinguish:

- Social contributions paid by households from social contributions paid by firms (only possible in option B)
- Social contributions paid by households to mandatory public insurance from premiums paid by households to voluntary private insurance (only possible in option A).

So, to analyse health care financing in detail, we believe that it is necessary to adopt a classification that gives both information (type of resources and institutional units).

***We think the FS classification in SHA 2 should mix option A and option B.***

For European countries, the usual tool to analyse financing of the social protection is ESSPROS.

The main items of the classification are:

- Social contributions paid by employer (actual / imputed)
- Social contributions paid by the protected persons (employees / self-employed / others)
- Earmarked taxes
- General revenue

To enhance consistency between SHA and ESSPROS, it seems necessary that the FS classification in SHA 2 is compatible with the one of ESSPROS. Some additional items may be needed, for instance premiums for voluntary insurance. So, a possible FS classification could be:

- Social contributions paid by employer (actual / imputed)
- Social contributions paid by the protected persons (employees / self-employed / others)
- Premiums paid by employer
- Premiums paid by household
- Earmarked taxes
- General revenue

## Other questions

### Return on assets:

In France, this type of resources does not play an important role for health care financing. If it is introduced on the financing side, for consistency, it seems necessary to introduce on the expenditure side not only health care but also other types of costs, for instance payment of interest on loans taken up by the scheme.

That's the way ESSPROS deals with that question. But, in ESSPROS, it is done at scheme level. In SHA 2, it would create a problem for schemes which finance not only health expenditure, but also other social protection benefits. For instance, in France, several schemes provide different social benefits to specific categories of workers (farmers, tradesmen, craftsmen...); it would be difficult for us to isolate the return on assets and the interest on loans which correspond to health care from those corresponding to other benefits (pensions etc.)

As return on assets do not play an important role in health care financing, we believe it is not necessary to go so far in detail.

*Financial intermediaries:* we think it does not add value to the description of health systems.

*Tax expenditure:* we approve the fact that tax expenditure is not included in the classification system. That will enhance consistency with national accounts.

### *Earmarked taxes:*

SHA 2.0 should also precise the treatment of the "earmarked taxes".

- - In the paper (page 11), household can finance health expenditure through earmarked taxes. This is the way we do in the French Social Protection Accounts: most of the earmarked taxes are paid by households (CSG="contribution sociale généralisée", alcohol or tobacco taxes). But, at least in France, other earmarked taxes are paid by corporations (taxes based on salaries); the paper should also indicate that possibility.
- - On the other side, one can consider they are paid by central or local government, as in ESSPROS

Both options are possible, and have advantages and disadvantages. For instance, in France:

- For national purposes, it is necessary for us to consider CSG is paid by households because that earmarked tax has been created to replace social contributions paid by households.
- On the contrary, French Social Security receives now earmarked tax (some paid by households, some paid by employers) to compensate exemptions of social contributions for employers, but in year 2004 and 2005, these tax exemptions were compensated by general revenue. In that case, it would be more adequate to consider these earmarked taxes are financed by central government.

### *Deficit (and surplus):*

In France, Health Social Security schemes show a deficit of several billion euros every year; in other countries, public schemes also have deficit (or sometimes surplus). The SHA manual should provide guidelines for dealing with these deficits (or surpluses). This problem can be treated in different ways:

- In some countries, it might be financed by a specific transfer from central government; then there is no problem in SHA framework: the transfer is considered as general revenue from government.
- If it is not financed by a specific transfer:
  - A balancing item could be added in FS classification.
  - Or one can assume it will be compensated by a benefit in some other year; so, the deficit will be financed by the same FS structure of resources as the structure of the present year. (This is the way we have treated the deficit of the French Social Security in the 2008 JHAQ)