Health & Welfare Benefits Reforms starting January 2014 FRANCE

In January 2012, local authorities announced the first of a series of reforms to the Health and Welfare Benefits regulations in France (see Aon Global Risk Alert attached). Further legislation has now been announced which will alter the requirements for medical plans to be provided by French employers to their employees under local law.

Overview of recent reforms

January 2012 decree reminder for existing medical plans

Employers that currently offer health benefit programs to their employees have been allowed to select which category of employee would be covered in their plan, leaving some employees without coverage. This is no longer an option and employers providing medical plans must include all employees as of January 1, 2014.

National Inter-professional Agreement (NIA)

On January 1, 2013, local authorities announced the National Inter-professional Agreement (NIA) which goes one step further and provides a “right to health” as of January 1, 2016 for all employees. Employers previously not providing a medical plan for employees must now do so as of January 1, 2016.

Implementation steps for compliance with the NIA

Step 1

Unions will have until June 1, 2013 to launch negotiations at the industry-wide level and until July 1, 2014 to have a National Collective Bargaining Agreement (NCBA) signed. The following stipulations could become part of the NCBA:

1. All companies of the same industry-sector would have to utilize the same private insurer.
2. Alternatively, the unions may decide to permit each company to place the risk with the private insurer of their choice.
3. A minimum level of employer contributions and minimum benefits may be implemented.

Employers will have a delay of 18 months from the date the NIA is signed by the unions to become compliant.

Step 2

If no industry-wide NCBA is signed by July 1, 2014, employers must negotiate a company collective agreement. This agreement between an employer and the unions will include details of a required medical plan.

Step 3

In the absence of a local company collective agreement, companies must finally offer their employees a minimum health benefits program as stipulated by law by January 1, 2016.

Recommendations

The reforms that began in 2012 will have an effect on both local French employers and multinational companies with French subsidiaries. Although the final reforms have yet to be voted on by French Parliament, it will be important for local companies to be prepared to preserve their options. Reviews of existing medical plans, together with corporate objectives for funding, should commence early in order to ensure that stipulated time-lines are met and employers can retain the broadest choices possible as these reforms are implemented. Aon has the following recommendations:

• For step 1, there is a possibility that employers who have indicated a preferred insurer prior to the implementation of a single, mandated insurer will be allowed to use their recommended/chosen insurer. It is, therefore, vital to ensure that a provider is selected prior to signing of the NCBA (between now and July 2014) to be prepared in the event that option 1 above is approved by Parliament. Aon France can provide important advice, counsel and support in designing a new medical plan, organizing the request for proposal (including preferred insurer), negotiating with the unions and implementing the new medical plans, including communication and claims administration going forward.

• To control health insurance costs it will be important to align the level of coverage for employees’ needs for each specific plan, as well as comply with industry-wide regulations. Aon will partner with employers to design an appropriate, cost-effective medical plan that meets both employers’ needs and is compliant with mandatory benefits. Some important factors will be the determination of funding, including profit-sharing arrangements, and co-funding of the plan by the mandatory insurer and/or other insurer(s) and the utilization of available tools to avoid over-consumption.