

Health Care in France

November 17, 2017

In response to my request, Fred Hoette wrote the following regarding Health Care in France. Fred and his wife Jane are US citizens residing in France. We cruised together in the Mediterranean for many years and became good friends. For further information about Fred and Jane, check out their interesting website, linked at the end of his message. Manny Reyes

Hi Manny,

It's taken me a while to respond to your question about health care in France, partly for lack of experience and understanding, partly because I managed to come up with an excuse why I couldn't take the time. But now that the Democrats are on the way back to becoming the governing majority, maybe the US could follow the path set by civilized countries and provide its citizens with universal health care.

First, I wonder if I'm the only one that knows why Republicans are so rabid about repealing Obamacare. The reason has nothing to do with health care or the 'S' word. It's about making the rich richer: OC is funded by high income Americans. If OC is repealed, the average 1%-er will save \$37,000 in additional Medicare taxes and the average .1%-er will save over \$200K. So, ask yourself why Republicans have sold Obamacare as being 'bad' without ever really clarifying what makes it 'bad', while the entire free world's population *except the US* has universal single-payer healthcare. Supporting this is the admission by McConnell and maybe others that the rich are expecting a payout for their investment in Congressional seats (see my bit about government for sale in www.fredh.co.nf). According to the World Health Organization France has as good a health care system as it gets. The French government spends about the same annually per capita as other countries in the EU, around US\$3600; the US spends exactly double that while you get significantly less benefit.

Key underlying cost differentiation between single payer (EU et al) and US:

1. The cost of processing a medical claim in the US is/used to be close to half of the total cost. This consists mostly of the insurance infrastructure and the effort needed at the provider end (doctor's offices need staff to deal with various forms filed and refiled). If you look at the US hodge-podge of payments and subsidies; different coverage rules and processes for each of 50 states, it should be clear that decentralizing health care processing by insurer and then by 50 states is sheer lunacy. A **single payer system**, if effectively designed, can reduce processing cost to a very small percentage of overall cost. More about this later.
2. US drug costs are typically from 3 to 5 times those in the EU for *exactly the same drug*. This is free enterprise at work. But because a free market only works when some fundamental economic conditions exist that do not in the health care world:

open entry for producers, a consumer that understands his needs and options, multiple products etc., it becomes totally a sellers' market. Furthermore, normally the consumer, the producer and the party paying are three separate entities, so that there is no pressure on drug companies to be competitive. Hence the drug industry can essentially charge what it wishes, and the market exemplifies this. In most countries with single payer systems, the payer organization (normally the government) **negotiates maximum drug prices periodically**. In France the maximum price appears on the carton, the pharmacy can charge less, but that's not the norm. I suspect that implementing the first two points would reduce US medical costs by at least a third.

3. The French **resource structure is totally organized**. For example, one of five key medical providers are labs. Medical labs (and imaging centers for x-rays, MRIs, etc. here are totally standardized. My GP checks off the tests he wants me to have on a laundry list. I go to my favorite lab, no appointment (usually based on convenience since they all charge the same), I've never had to wait. They run the tests (typically \$20 per test - so cholesterol, PSA, blood sugar et al). An hour or two later I can sign onto their web site and look at my results. They are presented in detail, but also in executive summary form (trend line showing current vs. my previous tests vs. norm for conditions) for those of us who only want to know if it's good or not. My GP gets access simultaneously. It's a basic principle of the system that the patient (consumer) gets to see his results. This is quite different from Connecticut where I am only allowed to get the results from my doctor. When I have an X-Ray taken in France, I walk out with the print/CD to take to my doctor. I had a knee MRI done a couple of years ago at an imaging lab. The radiologist walked me through the results and sent me off with two picture CDs (one for me, one for my doctor), a couple of hundred images, awesome in living color.

France is not a country known for customer orientation (the US is), but in health care this is completely different. I've only been in two hospitals and a couple of clinics, but the properties were modern and clean and, most importantly, the staff were pleasant and courteous, sometimes well above expectations.

The System

The French government totally manages the money end of health care. They act as a giant HMO. Physicians and other providers are in private practice. The rates are set by the government, physicians can (in theory) charge what they wish, but almost all have signed on to the set rates. The GP is the gate keeper. Any specialized reimbursed care must be referred by him/her. A GP charges about \$29 a visit regardless of how long the visit takes, a specialist up to about double that depending on the specialty. Generally, 70% of health care and drug costs are reimbursed (some drugs are only 35%, some fully paid), the patient pays the balance. For high cost expenditures and long term care the system pays all. So, a visit to my GP costs me less than \$10. Most French have a 'mutuelle', a private insurance

contract from a non-profit that covers the 30%. I decided that the treatment costs here are so low, that I'm better off just paying. As big-ticket items are covered in full, I have no risk of a major budget crunch. Two years ago, I had arthroscopic knee surgery (before I was covered here) and the total cost, including the MRI was around \$1100. In CT, just the knee MRI costs double that.

All French residents are covered by the health care system. All people earning income in France pay 7% medical premium on their paycheck, employers contribute 13%. Once you stop earning, you stop paying. As an aside, this is a good rule for all taxation, it might permit US residents to keep their paid-for home after retirement.

Obviously, the entire health care system is totally computerized. It's a single unified computer system - a key to keeping costs contained. Each French resident gets a 'Carte Vitale', their membership card. This credit card is used to identify the patient and to pay for all expenditures. Each provider has a Carte Vitale reader. My GP swipes the card on the reader connected to his PC, as does the pharmacy, lab etc. associating the treatment/product with me. There is generally no paperwork to fill in or forms to sign when something is done here. Doctor and dentist visits are paid by the patient and the system transfers the reimbursed 70% to the patient's bank account within 3 days. For drugs the patient only pays the non-reimbursed amount - no idea why this differs. I have no experience with hospital charges, but I think they are fully paid by the health care system as they generally would fall into the high cost category. When I met with the joint-surgeon (he wore jeans) to discuss how to fix my invalid state, he described the procedure involving an anesthetist and an operating room and other alarming things. I asked him, with baited breath, what all this was going to cost. He was surprised, "why, nothing, it's paid in full". Getting an answer to my question proved quite difficult as no one had apparently ever needed to ask.

Conclusion

There can be no question that a single payer system is the only way to have an affordable universal health care system. But besides the obvious, there are some other real benefits to having universal coverage that should be taken into account. It would de-link employment from health insurance. This would make it easier for small businesses to hire qualified employees (most new jobs are in small business) and remove a huge cost uncertainty for those businesses. It would also allow employees to select employment on the merits of the job, not on whether their family will have health benefits. I worked with a man who had had a kidney transplant (in the mid-1980's). He was in his mid-30's. He paid \$10K/year (then) on drugs that he'd have to take the rest of his life. His job provided coverage, but it was a job he would probably never be able to leave. Had his employer been a small company, they might have been tempted to find a reason to let him go. Obamacare addressed this in part, but we can do better.

I thought that Hillary was a terrible Presidential candidate and recent revelations about the

relationship of the DNC and the Clinton campaign only reinforced that. No words can describe how I feel about Trump and his entire administration. The Koch brothers and others of means have for years paid for Congressional seats and are now set to reap the benefits. Donald Trump is a naive buffoon who will continue to be taken for a ride. His Congressional majority in both chambers needs to be negated so America can get back to being a proper republic rather than a bastion for the rich. I've never made a campaign contribution since I stopped working, but I gave a very minor amount to Doug Jones - and that was before the accusations against Roy Moore. We really don't need another Congress member in the mold of Michelle Bachman (ex), Ted Cruz, Mike Lee... I really have lost confidence in the intelligence of the American citizen.

America will never regain its white knight status, that went south with G.W. Bush, but it could rejoin the world of sane nations. It's up to Democrats to clean the slate and drain the swamp. I think the next Democratic administration should place universal health care at the top of its agenda. But it will require political will-power that may be hard to muster given the push-back that, especially, the insurance industry will generate. There are more than 1000 health insurance companies in the US. Yet you can't have a single payer system and health insurance companies. The only real role that the health insurance industry would have would be one-time contributing to the development of a 'perfect' computer system. Once the system is operational and successful, maintenance will be a relatively minor task (still requiring hundreds of IT professionals, but nothing like the current quagmire). The medical profession and the health insurance industry will very actively work to undermine and single payer system. Democrats need to:

(1) Develop a complete solution and a plan to implement that solution. They must, and this is almost un-American; study how other countries do this - there are dozens of excellent foreign health care systems - we should learn from others' mistakes, not our own - buying and implementing another country's entire operation is not unreasonable.

(2) Prepare a thorough publicity campaign to sell universal health care to the electorate - this is absolutely vital in America. In the rest of the world it is a given that health care should be universal, in America not so. It is vital that the Democratic Party be completely behind this and that every Democrat is able to defend the platform.

(3) Ensure that there is sufficient budget and revenue to make it all happen.

(4) Learn from the Obamacare implementation fiasco and build a crack IT project team to develop the solution and do it right and on time. That would be the reason to clone an existing operation.

The bottom line is no French resident has to even *think* about health care, it's simply there.

Cheers,

Fred

Web: www.Fredh.co.nf -see guns in America, trump, health care (I recommend. Manny)