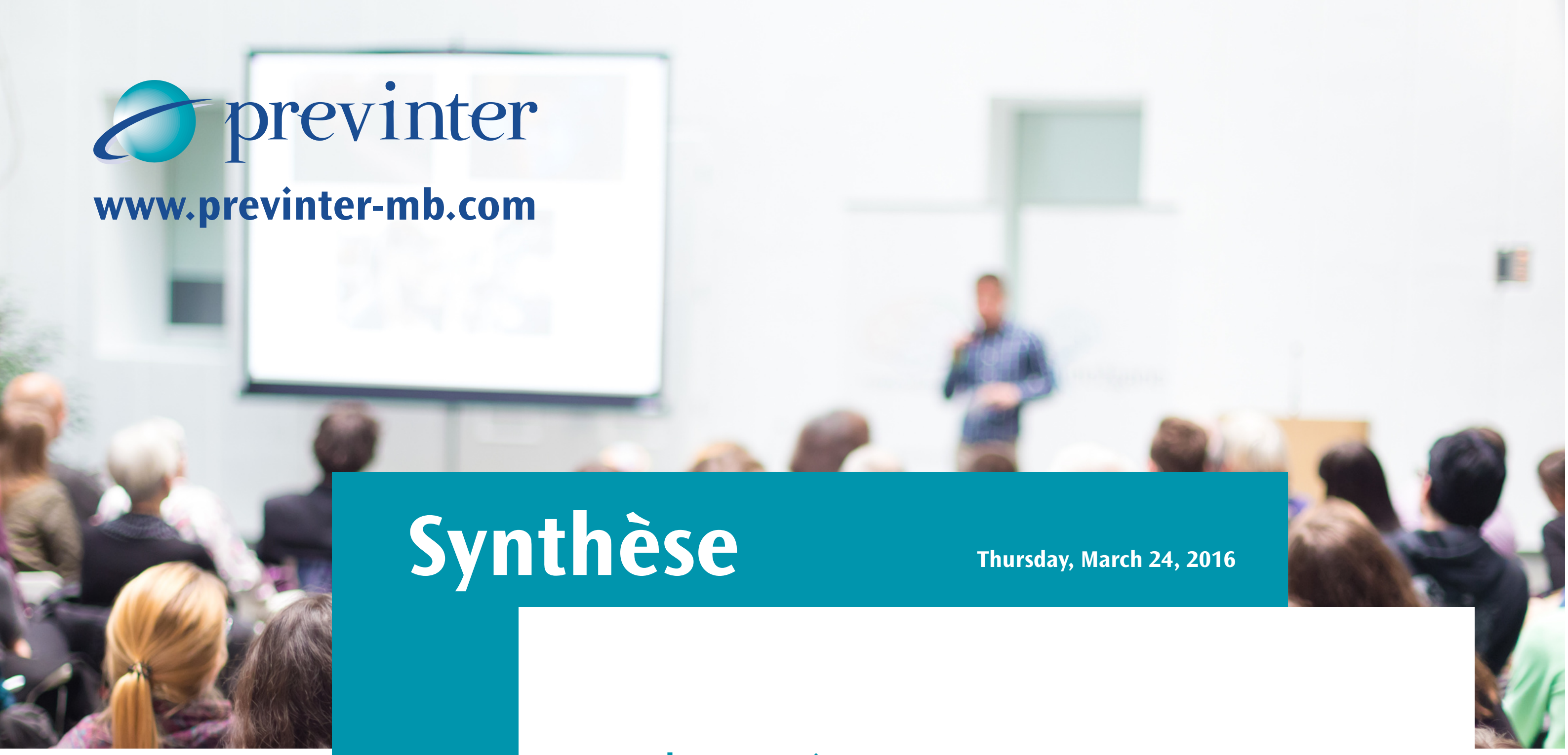

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Synthèse

Thursday, March 24, 2016

10th Previnter University

Round Tables – Hosted by **Patrick Lelong**, journalist at France info

The 10th Previnter University presented two round-table discussions: "Compliance and Global-Local Tensions" and "Cost Containment". This event, held annually by the Association, concluded with a talk by the economist, **Daniel Cohen**.

Compliance : global-local tensions. Healthcare coverage in the face of increasingly robust local regulations worldwide.

By **Mattieu Rouot**, SVP Head of International Employee Benefit at AXA, Chairman of MAXIS Global Benefit Network, **Jessica Hanslip**, Consultant specializing in Compliance - MSH INTERNATIONAL, **Laurent Cochet**, Deputy Executive Director - MSH INTERNATIONAL and **Thierry Hontabat**, Chairman of the University Association, Group Head of International Mobility - Crédit Agricole SA.

Local regulations sometimes at variance with expatriate coverage

The health insurance sector is increasingly subject to a range of local legislation. Generally speaking, expatriates are in the gray area of the law as they are not the lawmaker's primary concern - as the Obama Care Act shows. Moreover, in the face of mounting financial scandals and terrorist risks, Governments tend to tighten up on rules. These new legal environments, which vary from one country to another,

make the insurer's activities increasingly complex due to the cumbersome processes to be followed - particularly in the United States and Saudi Arabia - and the difficulty of the efficient transmission of information. The insurer therefore needs to monitor regulatory developments and adjust to the restrictions in place in each location. The packages on offer must be managed with local requirements being taken into account – premium to be paid or contract signed locally, for example. Finally, the best solution still lies in a partnership with a local insurer to guarantee effective compliance.

Is the French coverage model still relevant?

The various regulations all aim to provide better coverage for the employee. The generosity of the French model remains a useful basis for comparison to ensure expatriates receive the best possible coverage by adjusting to the legislation of the host country. In Africa, some companies even import our life and disability benefits system and draw heavily on our medical coverage to protect both impatriates and local employees as part of a strategy of retention of the most highly-skilled workers. Furthermore, the notion of employer responsibility is gradually moving towards international standardization.

PREVINTER action and support

The aim of the association is to anticipate new challenges. It is important to note that regulations are also evolving in France, where the '*contrats responsables*' (state-approved plans) will lower the level of coverage in contrast to the benefits provided to expatriates. PREVINTER is working to ensure that its member companies send their employees abroad in full compliance with the regulations. Although large companies may be able to anticipate developments in compliance, it is more difficult for SMEs. PREVINTER helps these SMEs deal with the growing complexity of the business by simplifying the analysis of local regulations. The association also supports its members by creating optimal solutions country by country and customizing benefits packages on a case by case basis.

Cost containment: Reconciling access to quality care with a policy of cost containment.

By Dr **Jean-Marc Coursier**, Director of Medical Relations and Patients - Ramsay Générale de Santé, **Ayden Tajahmady**, Assistant Director of Strategy, Review and Statistics - CNAMTS, **Dr Annie Peytavin**, Medical Director - MSH INTERNATIONAL, **Frédéric Van Roekeghem**, Executive Director - MSH INTERNATIONAL and Dr Hélène Kaspi, Medical Director and Occupational Health Advisor, Danone.

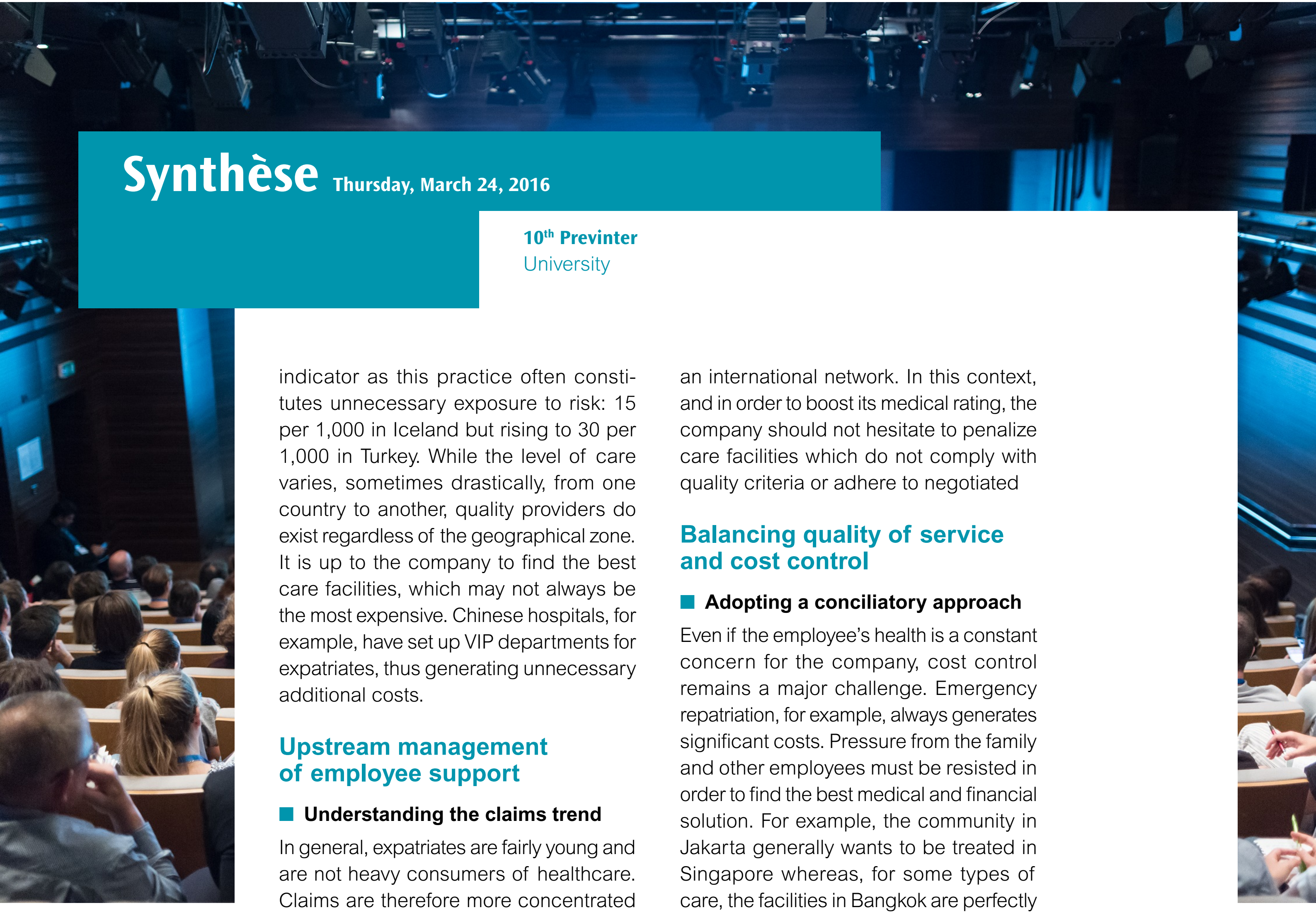
Healthcare offerings which vary greatly from one country to another

Unequal health expenditure

While health expenditure is 15% of GDP in the United States and 10% in France, it accounts for only 3% of GDP in India. There is also a wide variation when this expenditure is expressed per head of population - $8,700 in the US, $4,100 in France, $634 in China and $200 in India. Coverage levels also vary widely, from 75% in France to less than 50% in Chile. Similarly, direct contributions made by households amount to 7% in France, compared to 45% in Mexico.

Disparity in levels of care

Large-scale differences are difficult to measure as there are currently no reliable clinical indicators. However, by combining certain indicators, quality of care can be measured. It is possible, for example, to compare waiting times for cataract surgery - 33 days in Hungary and 361 days in Poland. The number of Caesarean sections is another interesting



indicator as this practice often constitutes unnecessary exposure to risk: 15 per 1,000 in Iceland but rising to 30 per 1,000 in Turkey. While the level of care varies, sometimes drastically, from one country to another, quality providers do exist regardless of the geographical zone. It is up to the company to find the best care facilities, which may not always be the most expensive. Chinese hospitals, for example, have set up VIP departments for expatriates, thus generating unnecessary additional costs.

Upstream management of employee support

Understanding the claims trend

In general, expatriates are fairly young and are not heavy consumers of healthcare. Claims are therefore more concentrated than for employees as a whole. At Ramsay Générale de Santé, ¼ of consumers account for 80% of international healthcare expenditure, and 6% of consumers account for 50% of costs. Moreover, hospital care, maternity and medicines account for 70% of expenditure.

Organizing prevention

Many companies arrange systematic medical check-ups before the expatriate goes abroad with subsequent monitoring during the period of expatriation. In this way they can prepare for the sensitive management of the most serious medical cases by preventing the risks prior to departure. It is also necessary to adapt the benefits provided under the plan to ensure care services are used appropriately – by recommending the purchase of generic drugs or encouraging border residents to take advantage of the lowest prices, for example. It is also important to explain to employees how the healthcare system operates, by providing them with country-specific information warning them of the kind of infections they may encounter and sending them a list of suitable healthcare facilities in their neighborhood. It is also advisable to provide quality ratings across an international network. In this context, and in order to boost its medical rating, the company should not hesitate to penalize care facilities which do not comply with quality criteria or adhere to negotiated

Balancing quality of service and cost control

Adopting a conciliatory approach

Even if the employee's health is a constant concern for the company, cost control remains a major challenge. Emergency repatriation, for example, always generates significant costs. Pressure from the family and other employees must be resisted in order to find the best medical and financial solution. For example, the community in Jakarta generally wants to be treated in Singapore whereas, for some types of care, the facilities in Bangkok are perfectly adequate. The expatriate population is highly demanding – often confusing price and quality – and this behavior can only be controlled by means of education and internal communication. It is therefore down to the company doctor, a veritable "buffer" between the employee (or their family) and the employer, to safeguard personal health while avoiding inappropriate expenditure.

Controlling costs by providing quality services

Quality is an essential pre-requisite if financial restrictions are to be met. Is the healthcare provider's organization economically sound? It is helpful to look closely at the organizational and medical performance of each facility, as certified by the national medical authorities. Quality of service can also be measured using patient satisfaction indicators as management tools. Good medical practices - which help reduce the length of time spent in hospital or avoid inappropriate surgery - act as a shield against unnecessary costs. And, finally, better patient management means better economic performance.

A talk by Daniel Cohen, economist and specialist in international macroeconomics.

French companies face major economic shifts in a changing world.

The dynamics of global growth have been driven by emerging countries since the late 1990s

A new page of world history was written between the death of Mao and the fall of the Berlin Wall: the page dealing with globalization. Prior to the 1990s, 80% of the world's population was outside the framework of international trade. India, China and virtually all of Latin America developed behind protectionist, cultural and political barriers. Then, suddenly, world trade was born, so much so that by the mid-1990s the process of political and economic openness had been accomplished. During the second half of this decade, the first statistics illustrating the phenomenon of globalization appeared. The dynamic of international trade ceased to be generated by Europe and in 2008 it was the countercyclical role played by emerging countries that made it possible to limit the consequences of the crisis on international trade. These emerging countries are now the drivers of global growth.

International trade bore the brunt of the 2008 crisis

The failure of the investment bank Lehman Brothers had all the external aspects of the crisis of the 1930s but if history was not repeated it was because the governments did not make the same mistakes.

- When the crisis spread to the banking

system in 1930, the Fed considered it was not its role to intervene to save the banks. According to Friedman, this decision was the key cause of the extent of the economic trauma. On the other hand, in 2008, the Fed avoided a tragic game of dominoes by releasing $600 billion the day after the failure of Lehman Brothers.

In the 1930s, various governments chose to pursue restrictive fiscal policies in an attempt to restore confidence. This time, the IMF advocated the implementation of policies to stimulate up to 2% of global GDP, helping to limit the consequences of the crisis.

In May 1930, the US Congress passed a series of protectionist measures to guard against foreign competition. Europe followed its lead, causing the collapse of world trade. In the 2008 crisis, however, international cooperation strengthened, with the creation of new bodies such as the G20.

Finally, compared to the rest of the world, Europe has been less successful in coping with recent global imbalances.

The Chinese model in crisis

The economies of emerging countries are gradually losing their power. China is experiencing an unprecedented slowdown, bringing with it Japan, Germany and the entire ecosystem of its subcontractors. The export model is reaching its limits. The balance between protecting the internal market and the ability to increase their share of the external market is no longer so clear-cut. China must therefore rethink its growth system and draw on Keynesian theories to construct it on the dynamic of the internal market. This is a formidable challenge as the share of consumption in the economy is extremely low - 37% of GDP, whereas it is twice as high in most countries, including India. This requires a radical change in mindset for the aging Chinese population which has a tendency to save as a response to its fear of the future. It is up to the government to safeguard the model and boost demography, in particular by founding a social welfare system. China, which did not previously suffer from the contradiction between an authoritarian political regime and a liberal economy, must now deal with a profound conflict with the age of networks and information.

An encouraging situation in France

France, whose economy has suffered greatly from the crisis and restrictive fiscal policies, is now in a good position. Nominal wage growth is 1.5% per year and the significant drop in the price of raw materials makes it possible to inject considerable buying power. The year 2016 will be the best for 8 years with 1.5% growth being forecast. Moreover, France does not have the same dependence on world trade as Germany and has a comparative advantage in the face of the Chinese economic slowdown. French sectors such as transportation, luxury goods, tourism and healthcare have high added value in the current transition period as they are in tune with the economic development of the middle classes.

Towards a new growth model?

Discussions around growth drivers set the economists who analyze the current period as secular stagnation (Gordon, Summers, Krugman) against those who believe in the onset of a third or fourth industrial revolution (Grunwald). In any case, statistical analysis does not inspire optimism: 90% of Americans have not experienced an increase in purchasing power for 30 years and 60% of the world's wealth is harnessed by 1% of the population. This situation must be viewed as paradoxical. The world is experiencing a technological explosion, but one which, this time, is not generating growth. New technologies do not have the same capacity for influencing society as previous technological advances such as electricity which led to the development of urban society and an increase in the number of consumer goods. Then, there was a complementarity between the means of production and the technologies, allowing the work to be more productive and generating a virtuous growth cycle. Today, new technologies are replacing jobs. The digitization of an increasing number of tasks does not make them more productive but, rather, destroys them. Finally, jobs which survive global digitization are either at the top or the bottom of the social ladder. It is up to us to rethink the system so that technical progress will also bring about progress in the economy and society as a whole. ■

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