The role of sickness benefit policies during the COVID-19 related crisis in France

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Sickness benefit policies in France reflect the dualism that is characteristic for French social policy at large. At the one hand, it seeks to extend social protection to certain groups of the population. At the other hand, it is constrained to limit expenditure. The latter trait, expenditure control, is however attenuated since the onset of the COVID-19 related crisis, where many benefits have been extended, for two reasons. One is a slight change in the fiscal austerity paradigm, fuelled by low interest rates and the government doctrine to save social and economic damage cause by the pandemic "at any cost". The other reason are the upcoming presidential and general elections in spring 2022. Thus, only time can tell whether the current measures to extend sickness benefits during the COVID-19 related crisis will be sustainable.

1. The impact of the COVID-19 pandemic in France

France is one of th European countries most severely affected by the Covid-19 pandemic, with more than 117,000 deaths by October 2021 (see Table 1 for a comparison of key indicators with Germany). The pandemic has highlighted structural weaknesses in the healthsystem, including its governance and decision-making, but has also brought about changes that have helped improve its resilience. Overall, France struggled to balance the danger of economic and social damage of containment measures with the alternative of a

pandemic overwhelming the capacity of the health system. The response to the first wave (March - May 2020), including a complete national lockdown, was an emergency reaction that revealed low levels of pandemic preparedness and a very hospital-centric health care logic. During the second wave (September − November 2020), this response evolved into a more levelled strategy that attempted to balance health needs within a broader perspective, incorporating socioeconomic considerations, but failing to deliver an effective health strategy (Or et al., 2021). This was followed by two further national lockdowns (one during the second and the other during the third pandemic waves in Western Europe, in autumn 2020 and spring 2021, respectively) and the continuing difficulties of the government in finding a clear means of crisis communication. This was also illustrated the hesitant promotion of vaccination in late 2020 and early 2021.

The main management of the crisis was done in a centralized manner by the central executive, in accordance with the country's type of majoritarian democracyand following a tradition of strong statism in governing the health system (Brunn & Hassenteufel, 2021). Along the way, fundamental criticisms have been made of the French state's ability to deal with the pandemic, many of which point to a lack of preparedness for the crisis, particularly with regard to access to masks, tests, and intensive care beds. These elements reflect the legacy of past health care policies that predate the COVID-19 pandemic (Capano et al., 2020). For example, the controversy over the number of protective masks made available to healthcare professionals and the public was veryintense. At the beginning of the pandemic, wearing masks was not mandatory and was even initially reported as not helpful in reducing infections. This came as a surprise because it was a well-established and stated knowledgein the pandemic plans that masks were useful. The French government's communication and strategy only changed when masks were available in greater numbers (Hassenteufel, 2020).

With respect to testing, in mid-April 2020, the OECD estimated that France was testing 5.1 people per 1,000 inhabitants, less than a third compared to Germany. As with protective

masks, the increase in the number of tests has been late. Finally, the limited number of intensive care beds (11 per 100,000 inhabitants in France, again less than a third compared to Germany) was also strongly emphasized, as was, more generally, the lack of specialized medical staff. However, hospital services were reorganized to increase the number of intensive care beds, and patients were moved from hospitals in the most contaminated areas to those in less affected areas. These measures partly prevented hospitals from becoming completely saturated and avoided mass triage of patients (Hassenteufel, 2020), a scenario particularly feared by policymakers.

In the economy, France has opted for generous compensations in the affected sectors. For business that had to suspend or significantly reducetheir activities during the lockdown (restaurants and hotels, for example), compensation for part of the lost activity was paid by the state. Likewise, employees of these businesses were granted special unemployment benefits. In practice, under this scheme termed "partial unemployed", employees maintained their contract and received an allowance equivalent to 84% of their net salary, with a minimum set at the level of the legal minimum wage.[1)]

2. Sickness benefits: an overview

In this context, sickness benefits – as a social policy instrument set right between the health and labor sector – have also played an important role in attenuating much of the resentment against the overall poor preparedness and crisis management. Before considering the COVID-19-specific sickness benefit policies, the following section describes the overall functioning of the system.

Generally, allowances during sick leave in France[2)] are part of a complex institutional system. The first step is the delivery of a medical certificate stating a person's inability to

1) https://www.economie.gouv.fr/covid19-soutien-entreprises/dispositif-de-chomage-partiel#

2) This article does not specify distinct provisions which apply in the French *Moselle, Bas-Rhin* and *Haut-Rhin* departments, due to historical reasons and set out by local law.

work. This status, sick leave, is the basis for entitlement for three potential payment sources:

A. **The main share of payments during sick leave is borne by the social security system.** They are called sickness benefits. In addition, and in contrast to other European countries (Spasova et al., 2016), the logic of these payments considers sickness benefits by social security as the foundation, and the allowancesby employers as a top-up. Legally, the eligibility for sickness benefits is the condition for the subsequent layers.

B. **The employer** then pays employees a part of the difference between the salary and the amount of the sickness benefits from the general health insurance scheme. This is called sick pay. It is in accordance with the national inter-professional agreement on monthly payments of wages or the collective agreement conditions, if the latter is more favorable (Spasova et al., 2016).

C. Employer and employees may subscribe to a **supplementary provident scheme** with insurance companies,which does not affect the social security share but can offer higher payments from the employer side than the legal arrangements in place.

The leading role of social security in the overall logic is, among others, illustrated by the financing figures: in 2020, social security paid 19.0 billion of sickness benefits, while allowances paid via complementary insurance companies amounted to 6.4 billion € (Gonzalez et al., 2021). For those operating and navigating within the social security system, the interdependence of payment sources gives regularly rise to administrative difficulties.[3)] This is amplified by the corporative nature of the French system, in which most professional groups have branch agreements that set out particularities, in practice mostly levels of employer payments that are higher than the legal minimum. Despite these flaws, overall, France is characterized by a relatively long legal duration of compensation, three

3) As noted during stakeholder discussions for a 2019 official report: *"The management of the liquidation is not only very complex for companies and coverage organizations, but also for the social security funds. Inadequate controls on sick leave notices and salary data, as well as weaknesses in the information system, affect the accuracy of daily allowances. The reconstitution of maternity and occupational injury daily allowances is particularly complex and sometimes requires manual calculations (between 30 minutes and 1.5 hours per file, for the most complex ones)."* (Berard et al., 2019)

years, compared to many other countries. At the same time, at 50%, the sickness benefit replacement level is relatively low (Spasova et al., 2016). These two figures illustrate a frequent logic inherent to the French social protection system: eligibility and duration of benefits are relatively generous and protect effectivelyagainst catastrophic expenses or living standards; yet, increasingly over the past decades in response to demographic changes, the depth of coverage (i.e. the replacement levels in terms of salary, or reimbursement levels for health expenses) borne by the public system are relatively low, which increases the role of complementary schemes (namely, via insurance companies).

There are numerous variations of sickness benefit rules depending on the situation (disease, occupational accident or disease, maternity) and professional category. Here, an example illustrates the rules that apply to a salaried worker in case of sick leave for a non-occupational disease.

Rules for sickness benefits during the first 6 months of sick leave

A French employee on sick leave is entitled to benefits paid by the statutory health insurance scheme. They are paid under contribution conditions with a waiting period of three days. The amount depends on the salary. To be compensated during the first 6 months of leave, one must justify, on the day of the work interruption, one of the following conditions: a) to have worked at least 150 hours during the 3 calendar months or 90 days prior to the interruption b) to have contributed, during the 6 calendar months prior to the stoppage, on the basis of a remuneration at least equal to 1,015 times the amount of the minimum wage. The amount of the daily allowance is 50% of the gross average basic daily earnings, during the last 3 monthsbefore one stopped working. The salary taken into account to calculate the basic daily earnings is then capped at 1.8 times the amount of the legal minimum wage in force on the last day of the month preceding the stoppage (i.e. €2,798.25 per month in 2021).[4)]

4) https://www.service-public.fr/particuliers/vosdroits/F3053

3. Specific policies related to sickness benefits during the COVID-19 related crisis

In view of the social crisis linked to the Covid-19 pandemic, however, France has introduced generous additional benefits in case of incapacity to work, and has extended existing ones. Most importantly, a new type of allowance has been introduced to cover people who are unable to continue working: parents of children without childcare and insured persons considered to be particularly at risk or living with vulnerable persons.[5] The payment of these benefits has been extended to self-employed professionals (other than craftsmen, traders and farmers: for example, physicians in ambulatory care and pharmacists) who did not receive sickness benefits before the crisis. In addition, the waiting period for the payment of benefits(the first three days of sick leave under ordinary law) has been abolished for these beneficiaries. As of May 1, 2020, these employees with children and vulnerable persons no longer received daily allowances, but are covered by so-called partial activity (financed by the state and unemployment insurance) (Marc et al., 2020).

In addition to these new benefits, the existing sickness benefits have been extended to persons in specific situations concerning the pandemic. The most prominent example is that of quarantine in the scope of contact tracing (see box below) other cases include parents of Covid-19 positive children or children in the scope of contact tracing.[6]

5) In order to receive a derogatory sick leave, these persons will need to request a certificate of isolation from a physician who confirms that they are in a "vulnerable medical situation" specified in a long list, whether or not they are vaccinated. Non-employees who are in one of the above-mentioned situations and who have a medical certificate of a contraindication to vaccination can also benefit from a derogatory sick leave under the same conditions.
See https://www.ameli.fr/assure/actualites/covid-19-les-personnes-vulnerables-doivent-demander-un-nouveau-certificat-disolement

6) https://www.ameli.fr/assure/covid-19/dispositifs-dindemnisation/covid-19-dispositif-dindemnisation-des-interruptions-de-travail

"Sickness benefits" during Covid-19 quarantine in France

The scheme concerns employees contacted by SHI within the framework of contact tracing or employees who have received a notification from the *TousAntiCovid* application[7] because they have been in contact with a Covid-19 positive person. In both cases, if they are unable to telework and at risk (weak immune system), they can request a sick leave online. The sick leave is for a period of 7 days starting from the date on which statutory health insurancecontacted him/her to invite him/her to isolate himself/herself and to carry out a test, after a contact at risk with the person tested positive to the coronavirus.
For the employees who would have already isolated themselves spontaneously before this date, the sick leave can be retroactive up to 4 days. If the results of the test are not known at the end of the initial sick leave, the employee will be able to ask for an extension of the sick leave up to 7 additional days. The sick leave is compensated without verification of the conditions for entitlement, without a waiting period and without being taken into account in the maximum payment periods. It is also subject to a supplement from the employer. Before paying daily allowances, statutory health insurancewill check that the insured is known as a contact case at risk. If this is the case, a certificate of isolation will be sent to the insured person as a derogatory sick leave, which can be presented to the employer.

Finally, specific provisions of the health care system have been adapted to account for treatment delays caused by the pandemic situation. On example is medically assisted reproduction (MAR), which can enable a heterosexual couple, a couple of women or an unmarried woman to have a child. The MAR acts are covered at 100% by social security, after prior agreement, for a maximum of 6 artificial inseminations and/or 4 in-vitro fertilization. However, this coverage (and the corresponding entitlement to sickness benefits) normally applies only until the 43rd birthday of the mother;[8] this rule has been amended after the first wave of COVID-19 in France.[9]

7) The voluntary contact tracing app for monitoring the spread of the COVID-19 pandemic in France: https://www.gouvernement.fr/info-coronavirus/tousanticovid
8) https://www.service-public.fr/particuliers/vosdroits/F31462
9) https://www.lemonde.fr/societe/article/2020/06/10/la-pma-sera-remboursee-aux-femmes-ayant-depasse-l-age-de-prise-en-charge-a-cause-du-confinement_6042425_3224.html

4. Current and future expenditure

In 2020, because of the exceptional effects related to the Covid-19 pandemic and the measures taken (see below), sickness benefit expenses progressed by arecord of 19.4%. The progression is driven by sick leaves for diseases, which progressed by 33.4%. Inversely, sickness benefits for accidents and occupational diseases progressedless than in the previous year, at 6.3% versus 7.2% in 2019 (see Figure 1). Spending on sick leave payments by supplementary insurance schemes, in comparison, progressed by only 12.0% between 2019 and 2020 (Gonzalez et al., 2021).

It is likely that this expenditure will not immediately return to its pre-crisis trajectory. In addition to long-term demographic and epidemiological changes (ageing of the working population and higher morbidity in higher age), one explanatory factor is the long-term impact of COVID-19 on sick leave. In addition to new cases, this concerns more and more persisting negative health effects described as long Covid-syndrome, which can affect more than a third of patients after the acute illness (Zayet et al., 2021). Further, unemployment rates will likely continue to drop. The latest unemployment figures for the first half of 2021 indicate that the rate has returned to its pre-COVID-19-crisis level (8%).[10] Low unemployment rates, then, mechanically increase sick leave-related expenditure. Finally, in contrast and concomitantto the previous point, the social and economic crisis related to COVID-19 has, according to a recent survey, generated an additional 4 million people in socially vulnerable situations, characterized by precarious employment and low income, especially in the sectors hardest hit such as tourism and transportation (Hoibian & Croutte, 2021). These persons are at increased risk for disease and, subsequently, sick leave.

10) https://www.insee.fr/fr/statistiques/5416133

5. Outlook and conclusions

Sickness benefit policies in France reflect the dualism that is characteristic for French social policy at large. At the one hand, it seeks to extend social protection to certain groups of the population. At the other hand, it is constrained to limit expenditure (Palier, 2005). The latter trait, expenditure control, is however attenuated since the onset of the COVID-19 related crisis, for two reasons. One is a slight change in the fiscal austerity paradigm, fuelled by low interest rates on the international capital markets and the doctrine to save social and economic damage cause by the pandemic "at any cost"[11] (a doctrine coined by president Macron). The other reason are the upcoming presidential and general elections in spring 2022 and the lookout for voters. In this context, the political sphere also fears contestation by the population segments potentially affected by spending cuts. However, under the Macron presidency since 2017 and the reform agenda of the center-right prime minister Philippe (2017-2020), there has been a high degree of social contestation and street protests against several measures that were perceived as a threat to social rights (cutting unemployment allowances) and purchasing power (increasing taxation on fuel), in particular among low-income groups. This political climate of defiance has sparked, for example, the "yellow vest"movement in 2018.[12] Anecdotically, in the current pandemic context, conditioning sick pay for a quarantine to a vaccination against Covid-19, as just decided in Germany,[13] is politically entirely unthinkable in France. Thus, only time can tell whether the current measures to extend sickness benefits during the COVID-19 related crisis will be sustainable.

11) "Quoi qu'il en coûte", see for example https://www.challenges.fr/economie/la-facture-du-quoi-qu-il-en-coute-s-eleve-a-240-milliards_778588

12) https://news.stanford.edu/2019/01/23/know-frances-yellow-vest-movement/

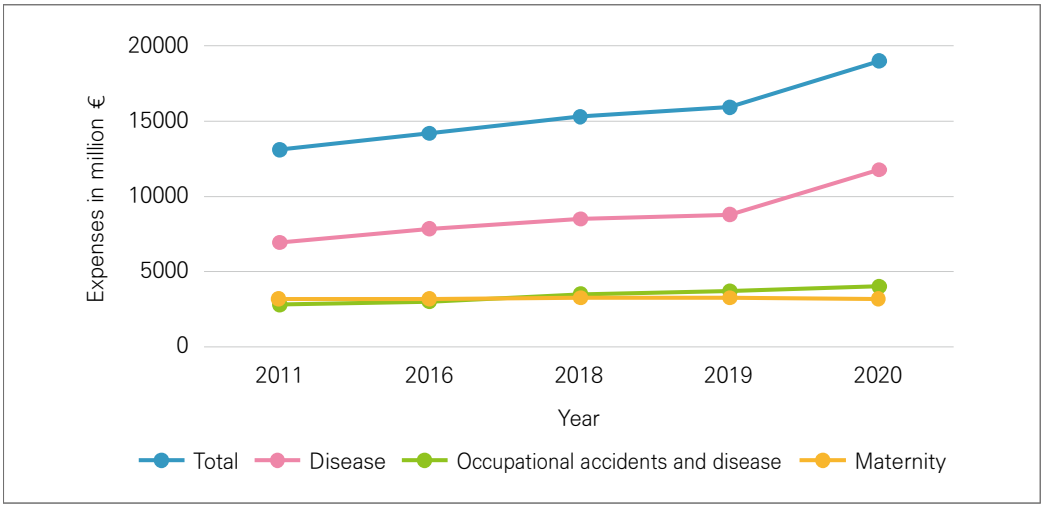
13) https://www.haufe.de/personal/arbeitsrecht/urlaub-im-risikogebiet-trotz-bestehender-reisewarnung_76_520356.html

Table 1. Key data on COVID-19 in France and Germany as of October 13, 2021

	France	Germany
Total population (million)	68.014	83.149
Confirmed cases	7,060,089	4,343,591
Deaths	117,173	94,407
% of population fully vaccinated	67.39	65.43

Source: https://coronavirus.jhu.edu/ and https://www.santepubliquefrance.fr/dossiers/coronavirus-covid-19

Figure 1. Evolution of sickness benfit expenses, 2011-2020



Source: Gonzalez et al., 2021

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