

Notes and Brief Reports

Social Security Abroad

Health Insurance for the Unemployed Abroad*

The increase in unemployment in the United States has led to discussions of how to protect workers who lose their jobs from also losing entitlement to health insurance coverage. Health care coverage is commonly obtained at the work place and paid for by the employer or by a combined employer-employee contribution. The high rate of unemployment, coupled with the considerable length of time workers may remain jobless, has led to the introduction of several bills in Congress, most of which provide for the Federal Government to pay for health insurance coverage for those entitled to receive unemployment benefits.

Repeatedly the question of how this situation is handled in other countries has arisen. To respond to these inquiries, a survey was made. A brief summary of the findings for four countries follows.

Basically, there are two approaches: 1) health care and unemployment insurance are job-related, and 2) eligibility for health care is based on residence. In all of the foreign systems studied, unemployed workers receiving unemployment benefits are covered for health care. This article concerns primarily the first category and examines health care coverage of unemployed persons in four countries: Austria, Belgium, France, and West Germany.

Normally in these countries contributory health insurance is compulsory while an individual is working. It is paid for by the insured and by employer payroll taxes. When an employee loses

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his job, health care coverage continues, but the payroll contribution is made by the unemployment program or is excused. Most commonly, the regular unemployment benefits may be continued for up to a year. Beyond that time unemployment assistance is available. During the period of assistance health coverage continues with the government covering the full cost. In such systems there may be an organizational link between the national unemployment and health care programs. Both may be under the general supervision of the same ministry, permitting a closer coordination of policy, although actual administration may be in the hands of government bodies or semi-autonomous funds at the state or regional level. The sickness funds may collect not only their own payroll contributions but also those that cover unemployment. Alternatively, the national social security administration may collect for both.

Health protection abroad includes not only hospital and medical care but maternity cash benefits and cash sickness benefits for workers who are prevented from working because of short-term illness or injury that is not job-connected. The contributions for health include a portion designated for these two cash income-maintenance programs.

The continuation of health insurance during unemployment has been a built-in feature of other systems and has left little need for new provisions in this area. The rising level of unemployment, however, has led to many new developments in employment creation, subsidies to employers to retain workers, the requirement that employers continue wages for a period after the termination of employment, and earlier retirement pensions for the jobless who are approaching retirement age. These income maintenance provisions reflect the fact that unemployment in other western nations has risen to four or five times its "normal" level during the current recession, compared with approximately twice the "normal" rate in the United States.

AUSTRIA

Health benefits are related to employment in Austria. The cost of the program is borne by payroll contributions—the employer and employee

pay equal amounts. Under the general supervision of the Federal Ministry of Social Administration, contributions and the payment of benefits are handled by state and local sickness funds. The funds collect contributions for unemployment as well as for sickness, accident, and pension insurance. The unemployment program also is carried out primarily through state and local employment offices. Employers and employees contribute equal amounts. The government covers any deficit in the unemployment program and the cost of unemployment assistance.

Regular unemployment insurance is payable for up to 30 weeks, during which period the recipient is eligible for health insurance coverage. After 30 weeks, if the worker can prove need, he is eligible for unemployment assistance without a time limit and his health care coverage continues. The cost is covered from general revenues.

BELGIUM

Employed persons in Belgium must enroll with mutual societies to obtain health insurance. About 2,000 individual societies are grouped into five national federations. The National Social Security Office collects payroll contributions for health as well as for unemployment insurance and a portion of these contributions goes to the mutual societies. The insured pays 2 percent of his covered wages, the employer 3.75 percent of payroll. Together, their contributions cover about three-fourths of health care costs. The government subsidizes the remainder. Health insurance coverage continues even after a worker loses his job. For each quarter a certificate is issued by the unemployment office. This certificate is presented when hospital or medical care is required by the individual. There is no limit on the duration of unemployment benefits or health insurance coverage.

FRANCE

Health insurance in France is covered by a general system (70 percent of all employees) and by a series of special systems for such groups as agricultural workers and the self-employed. In all, 98 percent of the population is eligible for health care protection. The program is financed

primarily through payroll taxes and is job connected. Unemployed workers must register with a state employment agency as seeking work in order to be eligible for health care benefits. In response to the current unemployment increase, regular unemployment benefits have been increased to one year at 100 percent of earnings (compared with 3 months at 40 percent and 9 months at 35 percent previously), but may be extended still further in the case of older employees. When entitlement to regular unemployment payments expires, the worker becomes eligible for unemployment assistance to be paid for an unlimited time period during which his eligibility for health care insurance continues. The government pays the cost of both unemployment assistance and health care.

FEDERAL REPUBLIC OF GERMANY

Health insurance in West Germany is job related and obtained when the employee joins a sickness fund. Higher income groups are barred from membership, but may elect voluntary insurance coverage. About 1,650 sickness funds administer contributions and benefits locally. The individual funds are joined into federations at the state and national level under the general supervision of the Federal Ministry of Labor and Social Affairs. The primary source of financing is a payroll contribution of 4-5.5 percent each from the worker and employer, varying somewhat by fund. (This contribution also covers cash sickness benefits, paid directly by the employer during the first six weeks of an illness.) The government covers the cost of certain cash benefits and of health benefits for the unemployed. The sickness funds collect contributions for health insurance and also for unemployment insurance and pensions.

A worker who becomes jobless is eligible for unemployment benefits for up to 52 weeks under a program administered by the Federal Institute of Labor, also under the general supervision of the Ministry of Labor and Social Affairs. During this period, his health care coverage continues and is paid for through the unemployment program. After exhausting his regular unemployment benefits, the worker may become eligible for unemployment assistance. The Federal Government then takes over the payment of the health insur-

ance contributions, providing a direct subsidy to the health program.

COUNTRIES WITH NATIONAL SYSTEMS

In countries such as the United Kingdom, Norway, and Sweden, where health care programs cover all residents, the unemployed person is entitled to all medical care provided by the program. His employment status is immaterial. Government subsidy is the main source of funds in the United Kingdom; in Sweden it is employer contributions. When a Swedish worker is unemployed, the payroll contribution ceases while he is receiving unemployment benefits. The cost is presumably covered by government subsidy. In Norway, employees, employers, and the government make only one contribution each to the social security system. The collected funds are subsequently distributed to the various programs according to need.

CONCLUSION

The health care coverage of unemployed persons does not appear to have created particular

problems in the industrialized countries of Western Europe. From the point of view of the individual worker, except for cash sickness benefits, theoretically there would be little difference when he is out of work because entitlement continues for him and for his family. In those countries which have cost sharing—the patient pays part of the cost of health care or the patient pays the bill and then is partially reimbursed by the sickness funds—unemployment insurance recipients who encounter difficulties in meeting health care expenses might be impelled to postpone all but essential treatment.

From the overall point of view, government subsidies of health insurance benefits have undoubtedly increased sharply as prolonged unemployment has continued. By making up for the lost premiums of unemployed workers, the governments have kept the health care systems in normal operation, largely unaffected by the recession. In a curious way the recession may even have reduced the cost of some of the social security systems. The jobless worker would no longer be eligible for the cash sickness payments, but would receive the lower (for most countries) unemployment insurance during periods when he is both ill and not working.

Federal Grants to State and Local Governments, Fiscal Year 1974*

During fiscal year 1974 the Federal Government disbursed \$44.9 billion in grants¹ to other levels of

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¹ Grants data in the accompanying tables are limited to grants for cooperative Federal-State or Federal-local programs administered at the State or local level and to those programs in which the bulk of the funds is channeled through agencies of State and local governments. A fuller definition will be found in Sophie R. Dales, "Federal Grants to State and Local Governments, Fiscal Year 1973," *Social Security Bulletin*, October 1974.

government, \$1.8 billion or 4 percent more than the grants of 1973. Culminating a decade of annually increasing percentages in the high teens and twenties (except for two increases of 9 percent each in fiscal years 1965 and 1969), the 1974 growth can be regarded as a very modest rise.

Of the 1974 total, 63 percent (\$28.2 billion) went for programs of a social welfare nature, 14 percent for general revenue sharing, and 10 percent for highway construction, safety, and beautification. The fiscal year 1973 division was similar: 62 percent for social welfare; 15 percent, revenue sharing; 11 percent, highways. In both years programs dealing with urban affairs, agriculture and