

# Mobility: tax alert

March 2017

## France

### Changes to health care coverage for spouses of internationally mobile employees

#### Executive summary

The Ministry of Social Affairs and Health published a decree on 24 February 2017 to address an issue for spouses of employees localized in France associated with the universal healthcare system introduced on 1 January 2016 and known as Protection Maladie Universelle (PUMa).

Spouses of employees localized in France who are not themselves in work will no longer, by exception, be required to wait three months before they may register for healthcare under the system.

On a separate note, spouses accompanying employees seconded abroad should now be able to register for health insurance under PUMa as family members without issues. Previously, there was no information on the process for such individuals under PUMa but the possibility to be registered as family member was confirmed by the social authorities during the last quarter of 2016.

Employers should be aware of the associated costs of these proposals and the need to ensure accompanying spouses are suitably registered.

#### Background

Prior to 2016, individuals over the age of 18 without any professional, pension or unemployment income (referred to as inactive individuals) were able to be affiliated with the French social security scheme, including the healthcare scheme, as dependents of their insured spouses or partners.

Such coverage was free of charge and allowed dependents to enjoy the same benefits as the insured person. The affiliation was not dependent upon the residence status of the insured person. As such, an accompanying spouse or partner of a

French worker seconded abroad could be affiliated as a dependent or family member of the insured person to ensure continued healthcare coverage for the spouse or partner during the assignment without any costs for the affiliation.

Effective 1 January 2016, the following changes were implemented under the new PUMa regulations:

- ▶ Resident inactive adults can no longer be affiliated to the French social security scheme or healthcare scheme based on "dependent" status (four-year transitional period granted for those already enrolled under this status) and may only become affiliated based on their residence status.
- ▶ Healthcare coverage for dependents would now be subject to a charge of 8% of the insured person's annual personal income in excess of EUR 9,807.

Under the PUMa regulations, compulsory health insurance contributions are required where individuals are resident in France and meet any of the following criteria:

- ▶ Not affiliated to the French healthcare scheme by themselves as a salaried employee or independent worker (not working)
- ▶ Not receiving French source pension (not retired)
- ▶ Not receiving unemployment funds from the French authorities

On the top of the cost generated by such affiliation, the introduction of PUMa triggered specific practical issues for spouses of mobile employees:

- ▶ Non-working spouses or partners of foreign workers localized in France could not enter into PUMa prior to establishing three consecutive months of residence which led to absence of healthcare coverage during this period (and no retrospective enrollment);

- ▶ Accompanying spouses or partners of French workers seconded abroad who were affiliated on their own prior to departure could no longer be affiliated as dependents during the length of the assignment. There was no information on the process for such individuals under PUMa.

#### **Key considerations**

##### ***Non-working spouses or partners of foreign workers localized in France***

The decree confirms a waiver (on an exceptional basis), on the three-month waiting period and affiliate them in PUMa from the day of their arrival in France.

It is not expected that spouses or partners who arrived between 1 January 2016 and the decree date of 24 February 2017 will be able to benefit from this measure retroactively.

##### ***Accompanying spouses or partners of French workers seconded abroad***

As they can no longer be considered as dependents of affiliated members nor be affiliated themselves as they are not French residents (since they will most likely be considered resident in the host country), the French authorities accept having them affiliated under the PUMa as "family members". It is expected that spouses or partners of French workers seconded abroad after 1 January 2016 will be able to benefit from this measure retroactively from 1 January 2016.

Under French social legislation, a family member can be a spouse, a partner under a French civil union or a cohabitee.

These measures remedy unequal treatments between (a) non-working spouses of foreigners localized and seconded in France and (b) between accompanying spouses of French workers seconded abroad depending on whether they were affiliated on their own or as dependent prior to departure.

#### **Next steps**

Employers should be made aware of:

- ▶ The cost of social coverage for inactive spouses of employees when they localize in France and shall be affiliated to PUMa (8% charge see above).
- ▶ The need to register accompanying spouses of French employees they intend to second abroad as family members.

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