



The German health care system

Basic principles, challenges and the health care reform agenda

Federal Ministry of Health

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“General Aspects in Health Policy,
Health Economics, Health Statistics“

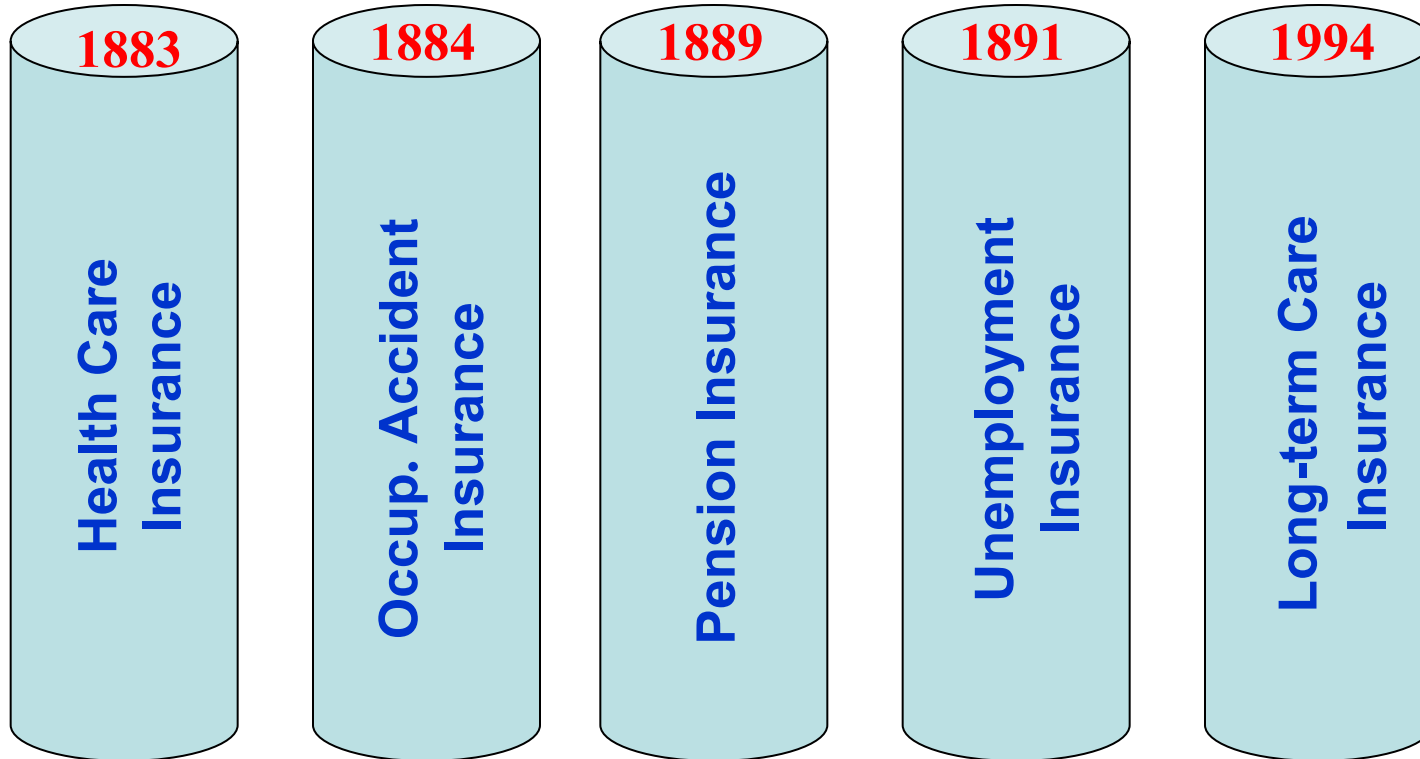


Agenda

- I. The German health care system
– a brief introduction**
- II. Basic Principles of the German Health
Care System**
- III. Challenges**
- IV. Discussion**



The history of social protection in Germany





Key features of the German health care system

- **universal insurance coverage**
- **comprehensive medical benefits**
- **pluralism and competition through free choice of providers and insurers**
- **steering mechanisms:**
 - framework legislation by the legislator
 - implementation by the self-governing bodies (principle of joint self-governance)

Parliament (Bundestag)

Second Chamber (Bundesrat)

legislation

legislation

legislative initiative

**Federal
Ministry of Health
(BMG)**

supervision

supervision

proposal

proposal

Drug Commissioner
of the Federal
Government

Patients'
Commissioner
of the Fed. Gov.

supervision

**Joint
Committee**

accreditation

commissioning

commissioning

9 members

4 members

supervision

supervision

5 members

9 members

Institute for Quality
and Efficiency
in Health Care

German
Hospital
Federation

Patients'
associations

National Association
of SHI-Physicians

regional Hospital
Associations

National Association
of SHI-funds

Hospitals

regional Associations
of SHI-Physicians

regional Associations
of SHI-funds

physicians

Regional Health
Ministries
(Länder)

SHI-funds

supervision

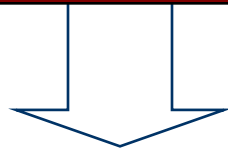
supervision

planning



Who insures how?

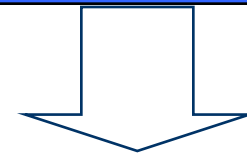
statutory health insurance



basis: legal requirement

- solidarity principle
- benefits in kind
- benefits as necessary
- statutory health insurance
funds = non-profit public law
corporations

private health insurance



basis: private contract

- equivalence principle
- cost reimbursement principle
- benefits as contracted
- private health insurance companies



Who is insured how?

Employees and pensioners with an income of **less than 4.575 Euro** per month, students & additional insured*

compulsory

Employees and pensioners with an income of **more than 4.575 Euro** per month, self-employed persons & civil servants

choice

choice

compulsory membership
in the
statutory health insurance (SHI)
(approx. 70 million insured)

voluntary membership
in the
private health insurance
(approx. 10 million insured)

*Exemption from contributions for children and spouses without own income.

Since 2007, everyone has to be insured in Germany (mandatory health insurance requirement).



The statutory health insurance

- **113 SHI-funds**
- **Free choice for the insured** among SHI-funds
- **Full competition** between SHI-funds
- All SHI-funds have the **same basic contribution rate** (from 2015: 14,6)
- **+ additional contribution rate**, if costs of a SHI-fund exceed the revenues received by the central health fund (average in 2018 1.0 %)
- Since 2009, introduction of a **risk-adjustment scheme including morbidity**



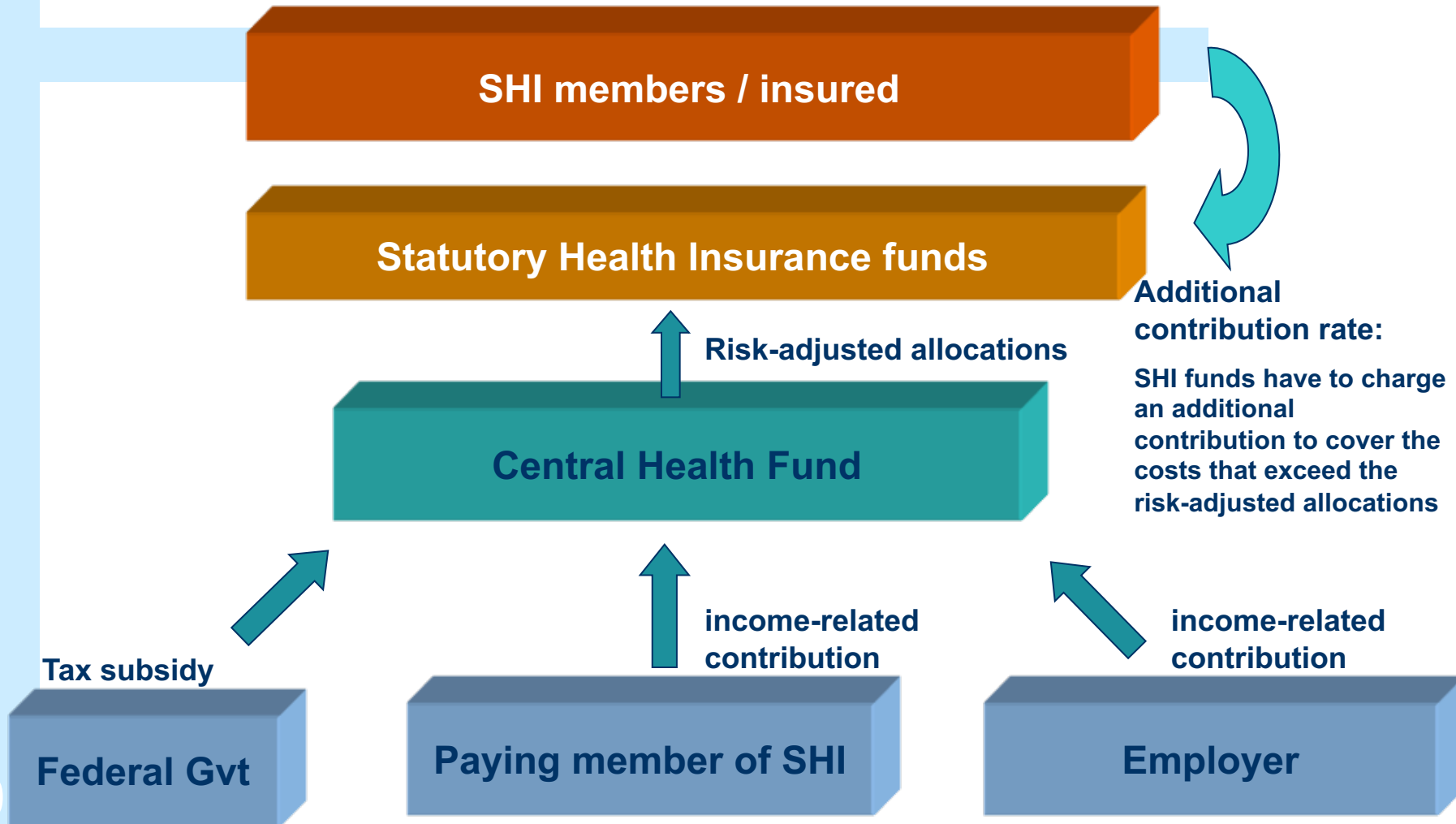


How is SHI financed?

- **income-related contributions – approx. 200 billion Euro (2017)**
 - contribution rate: 14.6% plus employer 7.3% - employee 7.3%
 - up to income threshold of 4.350 Euro per month (2017)
- **tax subsidy – overall 14,5 billion Euro in 2017**
- **additional contribution rates:**
 - set by the individual SHI funds depending on their financing needs
 - the additional contribution rate has to be paid by the insured alone and is also related to income
 - on average 1.1% of assessable income in 2017
- **moderate co-payments – approx. 3,5 billion Euro**
 - in general 10% of benefits for drugs and medical supplies (min. 5 € - max. 10 €)
 - limited to 1% of the annual household income for chronically ill, otherwise 2%
 - (10 Euro consultation fee per visit to a doctor per quarter – abolished in 2013)

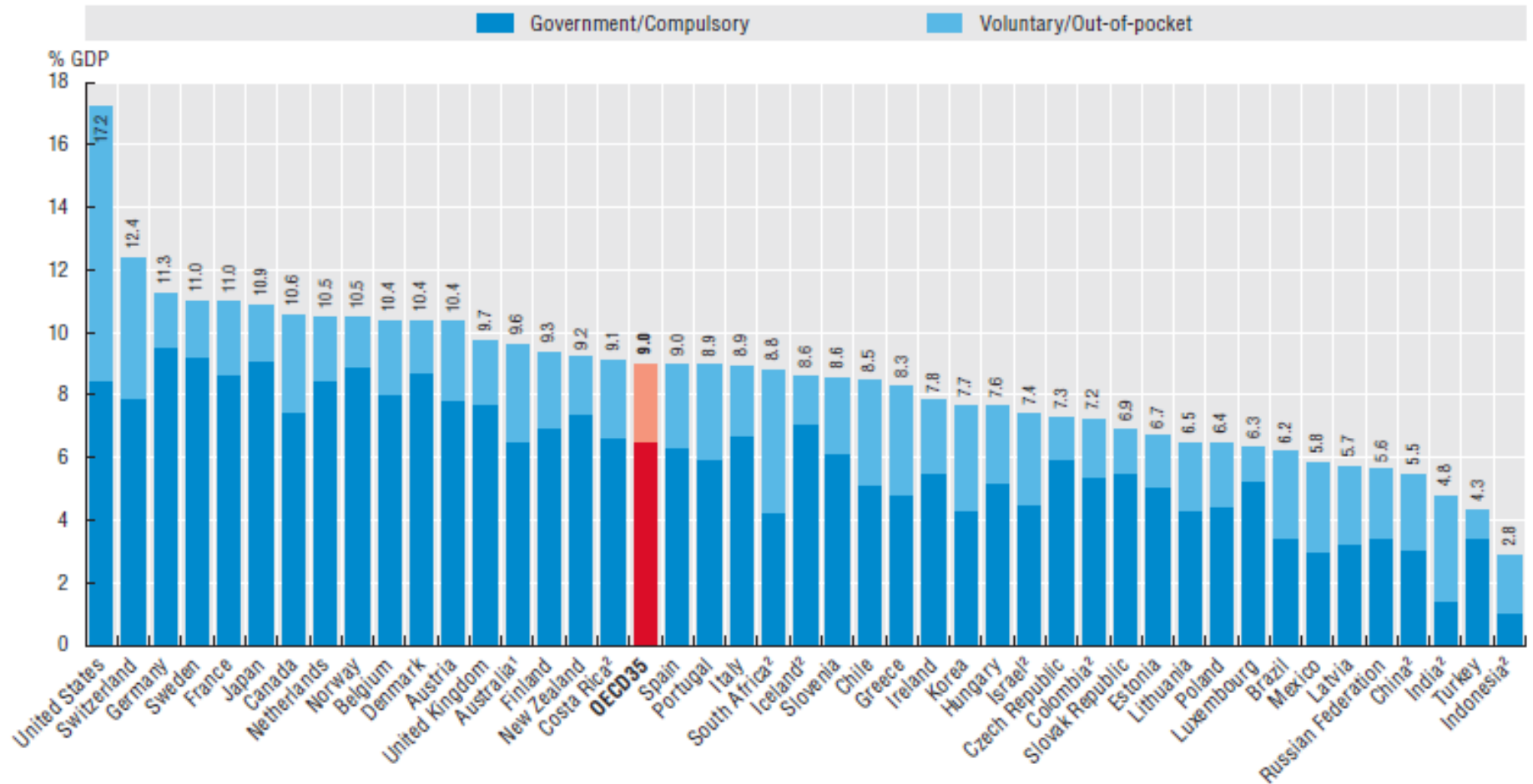


How is SHI financed?





Health Expenditure as a Share of GDP (2016)



Note: Expenditure excludes investments, unless otherwise stated.

1. Australian expenditure estimates exclude all expenditure for residential aged care facilities in welfare (social) services.

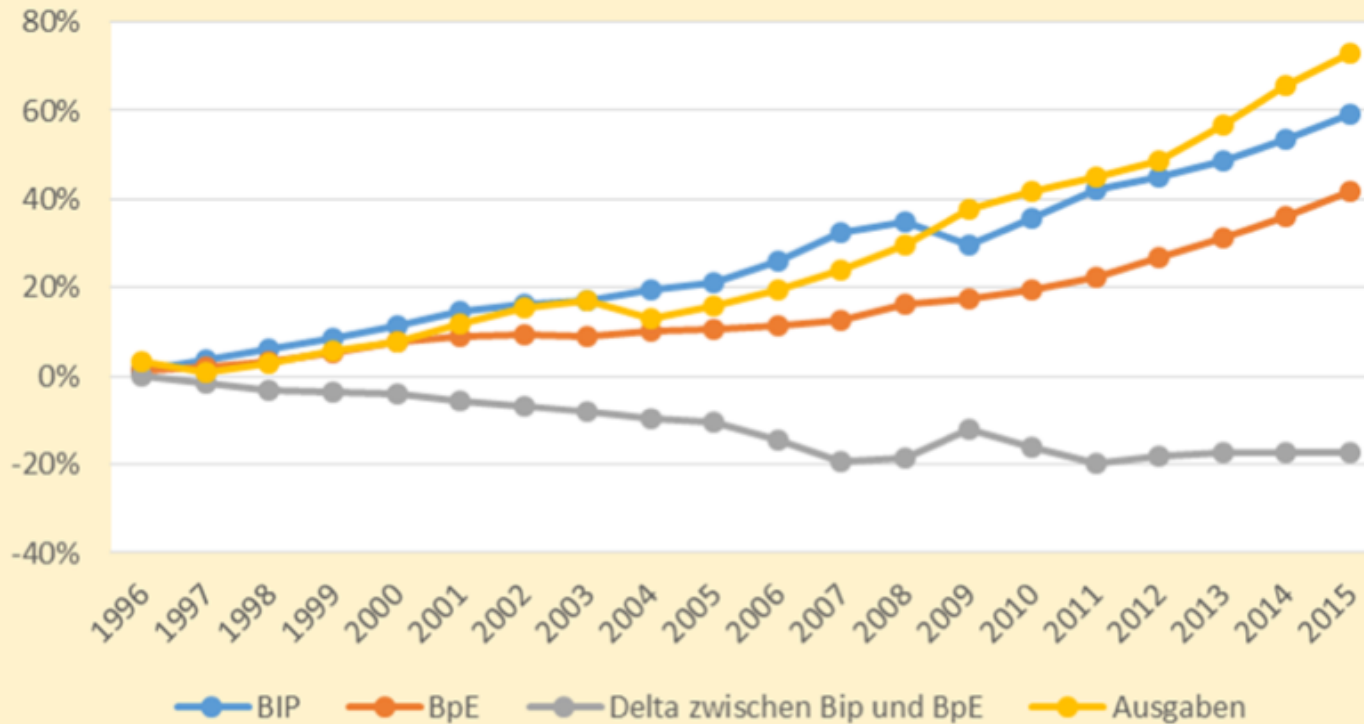
2. Includes investments.

Source: OECD Health Statistics 2017, WHO Global Health Expenditure Database.



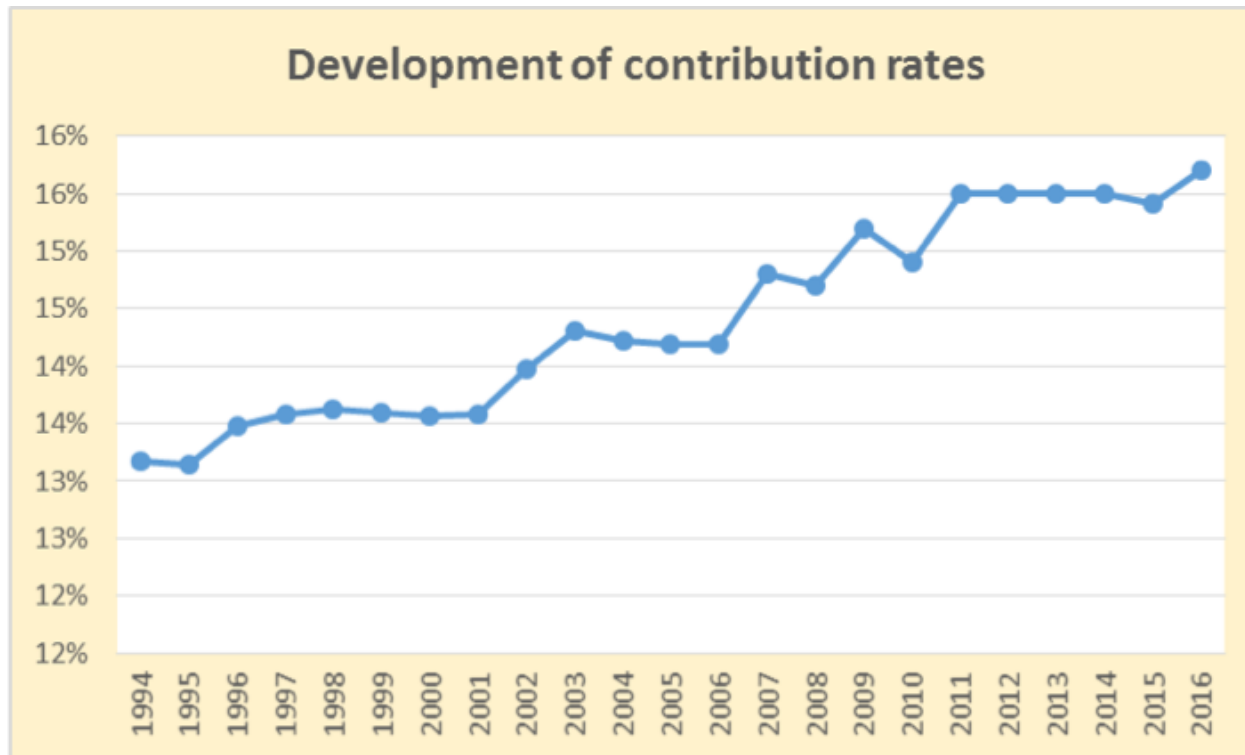
Growth of GDP, assessable income and Health Expenditure

Entwicklung von BIP, BpE und Ausgaben





Development of contribution rates





The German Health System in an international perspective

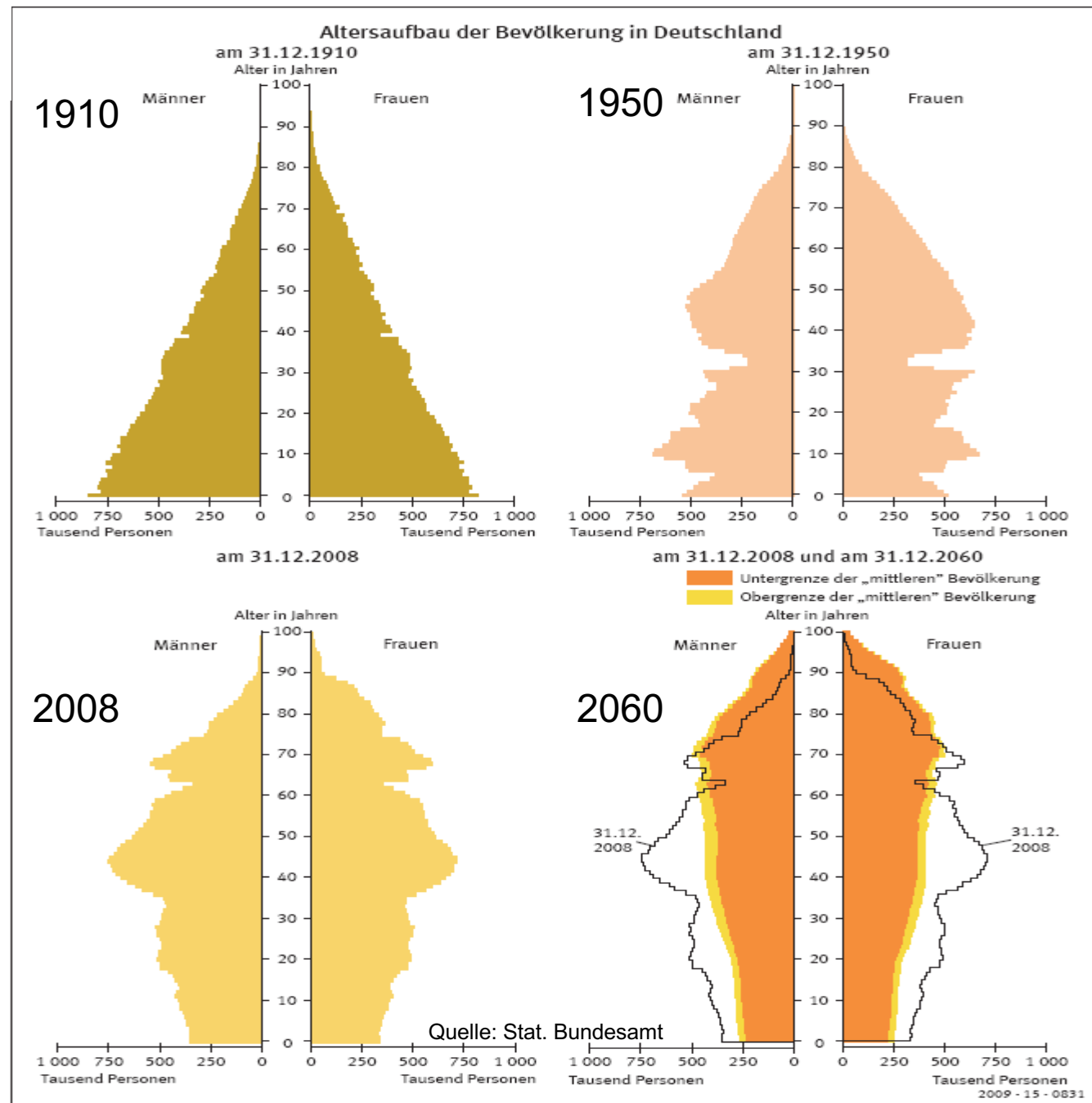
- Life Expectancy: 81.2 years (16th in OECD)
- Population aged 65 and over: 33 % (4th in OECD)
- Total Health Expenditure: 11.2 % / GDP (4th in OECD)
- Out-of-pocket spending (as share of final household consumption): 1.8 percent (4th-lowest in OECD)
- Waiting Times (waited 2 months or longer for specialist appointment): 3 percent (lowest in CWF-Survey 2016)
- Hospital Beds per 1.000 population: 8.2 (1st in OECD)
- Number of hip replacement surgeries (per 100.000 population): 293 (1st in OECD)

Demographic challenge: Transition from the age pyramid to age cube

(1910 – 2060)

in 2015 →
21 % > age of 65

in 2060 →
33 % > age of 65

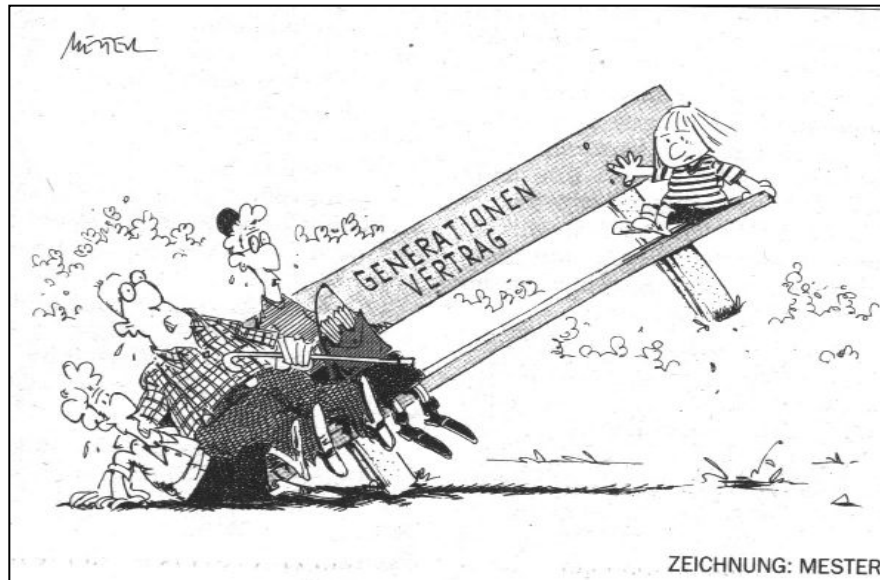




Demographic Challenge

Decrease of family
caregivers

Increase of
Multimorbidity



Reduction of supply
for Health
Workforce

Increasing
Needs in
Longterm Care

Decreasing financing
basis for income-
related contributions

Rising participation rate of
working women and increase
of part-time share



Challenges: Securing Affordability

Spending in the statutory health insurance system (SHI) must fulfill a certain “check-list” :

- Prudent spending policy
- Increase efficiency and cost effectiveness by fostering competition among health insurance funds and service providers
- balance between competition on price and competition on quality
- More efficient service provision structures - particularly at the interfaces (outpatient - inpatient)
- Service quality improvement and greater transparency (patient sovereignty)
- Avoiding unnecessary spending through greater emphasis on prevention and rehabilitation and identifying areas of over-treatment



Current Health Policy Topics



Digitalization

- + Digital Users (80 percent of German population are regularly online);
- + growing digital economy, but analogue healthcare system → lack of interoperability

E-Health Strategy

- creating an infrastructure that can be used jointly by all stakeholders in the healthcare system;
- 200.000 physicians, 2.000 hospitals, 20.000 pharmacies, 110 insurance companies and about 70 million insured persons will receive access to the new infrastructure;



Bundesministerium
für Gesundheit

**Thank you very much
for your attention!**

