



German Cabinet Approves Contentious Health Reforms

Chancellor Angela Merkel's Christian Democrats and the Social Democrats spent months furiously debating the reforms that will affect almost all of Germany's 82 million people as the government overhauls public and private health care.

"It is a good law and a big step forward for the German health system," Health Minister Ulla Schmidt told reporters Wednesday. "This reform is not based on the lowest common denominator of a grand coalition. Rather, I would say that only in a grand coalition are such complex structural reforms possible."

She said the bill will have its first reading in parliament on Friday and should become law by April 1, 2007.

Germany has world's third largest health care bill

Germany's health costs are the world's third highest behind the United States and Switzerland, according to the Organization for Economic Cooperation and Development, and costs have increased by more than 50 percent over the past decade to about 25 billion euros (\$31.5 billion).

The nation's public health system, which consists of more than 250 medical funds and serves about 70 million Germans, is frequently deep in the red. More than 8 million people are covered by a parallel private healthcare system.

Key aspect of reform pushed back

The centerpiece of the reform package is the introduction of a new overall health fund to collect and redistribute legally mandated health care contributions in a simpler and more transparent way.

Merkel announced earlier this month that the new fund would be delayed until Jan. 1, 2009, a year later than originally planned. Health reform was one of the main features of her government manifesto but the row it triggered highlighted rifts in the coalition and saw her party's popularity hit a six-year low.

Critics fear drop in patient care

Numerous critics have hit out against the reform, saying it does not make enough changes to a system in need of complete overhaul.

"The reform does not provide a sustainable funding base for the health system," J

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