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Overview of the German Healthcare System

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The Federal Minister of Health, Philipp Rösler (Free Democrats), is a federal. This is a good precondition for understanding the complexities of the healthcare system and for appropriate decision making. It is, however, not only the federal minister who influences the development of the health system, but multiple interest groups and important demographic, medical and economic changes.

The German health system is divided into an insurance sector with public and private insurance funds, and a healthcare sector. The healthcare sector covers a range of services and departments, including ambulatory outpatient care (provided mainly by individual doctors at their offices), pharmaceutical care distributed by pharmacists, inpatient care in hospitals and rehabilitation clinics, and a nursing care sector (caring for the increasing elderly population).

It is the complex network of interest groups that form the connection between this structure and the political arena. The 2000 hospitals, for instance, are represented by the German Hospital Federation, Deutsche Krankenhausgesellschaft. These interest groups act as legitimate partners of the political and democratic process in opinion and decision-making.

Insurance Sector and the Central Health Fund

There are 82 million people living in Germany; 85 percent are insured by statutory insurance funds, 11 percent by private insurance funds, and four percent are supported by different institutions or pay out of pocket. In Germany 250 billion euro is spent each year on healthcare, 10 percent of the gross domestic product. In international comparison, Germany ranked third in healthcare spending compared to GDP, following France with 11 percent and USA with 16 percent. The United Kingdom ranked fourteenth with eight percent.

Since January 2009, a central health fund collects and distributes the money for statutory insured people, in total 50 million members and 20 million relatives. The fund gets its financial volume of about 174 billion euro (2010) largely from member payments. Currently, the employer of a member pays seven percent of the gross income of his employees. The employee pays 7.9 percent. Before 2009 insurance rates differedaccording to the fund, but today all rates are standard. Since 2004, funding also comes from the federal budget, supplementing 12 billion euro per year, and an expected increase to14 billion euro in 2012.

At an income level of 4,162.50 euro per month (2010) an employee can switch to a private insurance fund. If one chooses to use a private fund, only under certain conditions such as job loss can he or she return to be covered by a statutory fund. Relatives, partners and children need an additional private insurance. If employees exceed this level they are under no obligation to leave the statutory fund. Such members pay 14.9 percent, including the employers' fee only up to 3,750 euro per month (2010). Relatives, partners and children, are insured for free.

There were 170 insurance funds in Germany at the end of 2009. Their income from member payments goes directly to the central fund to be redistributed to the insurance funds according to specific morbidity criteria. These compensational payments reflect the population that each fund serves. Some funds for instance have a higher portion of elderly people or of people with expensive diseases. The evaluation and distribution procedure works on a daily basis with administrative expenses exceeding 10 billion euro per year.

Ambulatory Outpatient Care

Traditionally, doctors have provided ambulatory outpatient care from their offices. Legally defined, there are instances where specialised care can also be provided in hospitals, for instance ambulatory surgery, therapy for cancer patients and social paediatric therapy.

In Germany, the doctors associations contribute their income. They are public corporations and negotiate the overall budgets for their doctors in a defined region with the insurance funds. According to the medical services and other criteria, the corporations distribute the budget to individual doctors quarterly. Before the last health reform in 2008, the services were weighted by points, or appointments per doctor. The weakness in this system was a decline of euro per point when services and points increased while the global budget remained nearly constant. Now the doctors have defined fees in euro and it seems easier for them to calculate their income. If a patient visits a doctor, the doctor on the average gets 50 euro per quarter. If the patient has more visits, the fee, however remains constant. The physician can help himself only by controlling the number of visits. In the former system there was not such an incentive.

In 2008 the doctors had 7.5 cases per quarter per insured per year. In total, this is about 500 million ambulatory cases. Each case has 2.5 appointments on average per insured (total 1.2 billion appointments). The number of patient contacts with about 18 per insured per year is the highest in international comparison. It is nearly twice as high as in comparable OECD countries. People in Sweden for instance have about 3 appointments per insured per year (OECD data 2006).

GP Contracts

After the last health reform the insurance funds were obliged to offer their members a General Practitioner (GP) contract. The GP should act as a gatekeeper as it is the case in many other European health systems. The members are free to subscribe to this offer, but give up their free choice of doctors and hospitals. In return they get financial advantages, such as no doctors' office fee. The negotiation of the contracts led to great differences within the doctors' corporations. The GP-Group is attempting to establish a main GP corporation for withdraws, but the development is not settled yet.

About 135,000 physicians work in the ambulatory sector; while 120,000 work in an office of their own, 40,000 as GPs and 80,000 as specialists. Additionally, about 10,000 doctors, mainly chief physicians at hospitals, have the right to provide services in a small and specific range of ambulatory services. In the last few years the number of Medical Care Centres (MCC) has increased dramatically. Ambulatory care evolved into stronger organisational structures. In total, about 6,000 doctors work in MCCs, with 500 out of 1,300 MCCs in the ownership of hospitals (2009).

Inpatient Care in Hospitals

The hospital sector is a powerful economic factor. One million people in 2,000 hospitals care for 17 million inpatient cases and 18 million outpatient cases. The turnover is close to 65 billion euro, nearly three percent of the GDP. Inpatient cases are remunerated by German Diagnosis Related Groups (G-DRG), a system which is adapted on a yearly basis. It comprises about 1,200 categories. The main idea is that money follows service. Before the introduction of the budget effect of the G-DRG in 2005, additional patients were cost factors for a hospital. The budget was negotiated annually with a calculated number of days plus a change rate, mostly below one percent. If a hospital had a plus in admissions – for instance about ten percent – it had to pay back about 75 percent of the additional income in next years

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