



## FREQUENTLY ASKED QUESTIONS ABOUT HEALTH CARE COVERAGE IN GERMAN

(prepared by American Voices Abroad Berlin)

**Question:** Why should we as Americans consider features of the German system in crafting our own health care reform?

**Answer:** In planning our own public health care system, we should investigate the strengths and weaknesses of many other systems. We can then choose the best of some of them and avoid the pitfalls of others.

**Question:** Does Germany have a single-payer system?

**Answer:** No, it is a hybrid system: a public plan and private plans. The public option covers about 90% percent of the German population, with most of the rest covered under private insurance.

**Question:** What does public option mean in Germany?

**Answer:** Germany has around two hundred nonprofit companies called sickness funds, which comprise the public option. Germans can select from these sickness funds, each of which provides their members with a comprehensive benefit package. The sickness funds are nonprofit entities; there is nevertheless competition for price and quality among them because the funds seek to survive and grow.(1)

Public option sickness funds may not refuse someone on the basis of a pre-existing condition or drop them if they become ill. A centralized agency administers a pool of money to sickness funds to cover their sicker patients; that is, they ensure that sickness funds have the means to cover the health needs of those people they carry who have chronic illnesses such as diabetes or intensive illnesses such as cancer.

**Question:** Is enrollment in the German system mandated? If so, who pays for people who can't pay?

**Answer:** Yes, health care coverage is mandatory; you must

be covered by some plan, either public or private. Employed persons generally have half of their premiums paid by their employer. Unemployed persons remain members of the sickness funds they were in when employed. Their contributions are paid by federal and local governments. The contributions of retirees are paid by the pensioners themselves and by their pension funds. Thus, the public health insurance program redistributes from higher to lower income groups, from the healthy to the sick, from the young to the old, from the employed to the unemployed, and from those without children to those with children. The idea is that everybody's in it together, and nobody should be without health insurance.(2)

**Question:** How much does the average German pay for health care under the public option?

**Answer:** State health insurance contributions are based on your gross income (around 15.5% with an income cap), with employers and employees each paying about half of the premium. The individual's contribution is 8.2%; the employer pays the remaining 7.3%. In addition, Germans are now required to carry long-term nursing care insurance, which is charged at 2.2% of your gross income, with employers paying half.(3)

The income cap is \$62,781, or around \$5,232 per month (July 28, 2009 conversion rate). So if you make, for example, \$85,000, per year, your contribution would be the same as that of someone who makes \$62,781 per year (4), even though that would amount to a lower percentage of your income.

Benefits are commensurate with those of most major medical insurance plans in the U.S. and include basic dental care. There are no deductibles and only minimal copayments.

Again, premiums are set according to earnings rather than risk and are not affected by a member's marital status, family size, or health; they are the same for all members of a particular fund with the same earnings. In a household with two wage earners, each pays the full premium assessed by his or her sickness fund according to his or her income.

**Question:** How much are health care costs in Germany compared to those in the U.S.?

**Answer:** Health care costs for an entire country are measured in terms of the percentage of gross national product (GNP). In Germany that percentage is 10.7% of GNP, while in the U.S. it is 15.3% (2008 figures).(5) When the costs for various treatments and procedures are compared, the costs in Germany average about a third of those for the same procedure or medication in the U.S.

**Question:** Are there waiting lists for surgeries, expensive treatments, etc. in Germany? Are high-tech diagnostic procedures and treatments readily available?

**Answer:** There is no waiting time in the case of acute illnesses and emergencies. Waiting times to see specialists and to undergo surgeries and treatments tend to be quite similar to those in the U.S. Elective surgeries have an average waiting time of one month. High-tech diagnostic procedures and treatments are readily available.

**Question:** Do doctors or dentists in Germany bear high costs for their medical education?

**Answer:** Medical and dental schools, like all other forms of higher education, are virtually free in Germany, requiring only the payment of administrative fees. Of course, medical students, like students in all fields, must pay for their own room and board. Young people who can't afford their room and board while they are getting an advanced degree are eligible for various kinds of public loans. Repeat: there is no tuition for medical or dental school, or any other advanced degree, in Germany. Tertiary education in Germany is virtually all public.

Germany has more physicians per capita than the United States, and physicians typically make less than in the States. For example, a family doctor in Germany makes about two-thirds as much as he or she would in America.(6)

**Question:** Do doctors or dentists in Germany bear high costs for malpractice insurance?

**Answer:** German doctors pay less for malpractice protection through medical protective associations rather than through for-profit medical malpractice insurance companies.

**Question:** How much are typical deductibles and co-pays for Germans under the public option insurance?

**Answer:** There are no deductibles. Under the public option, a patient pays 10 euros (about \$15 as of this writing) per quarter year; that is, 10 euros are paid for the first doctor's visit during a quarter of a year. If no visit is made during, let's say, January 1 through March 31, no payment is required. If there are many visits, the payment is still only 10 euros. The dentist costs another 10 euros for the first visit per quarter. In-patient hospital days now have a co-pay of 10 Euros per day up to 28 days. There are generally no further co-pays except for a few designated treatments; such as dental crowns, for example.

**Question:** Does public option insurance pay for

medication?

**Answer:** Medications have co-payments of between 5 and 10 euros (around \$8 to \$15) per prescription.

**Question:** Do you pay your bills and get reimbursed, or does the insurance pay directly?

**Answer:** You submit your health insurance identification card to the doctor, dentist or hospital and make your copayment, if there is one. You do not see the bill.

**Question:** Is there rationing?

**Answer:** While doctors may feel some pressure to hold down costs, treatment decisions are not generally individually arbitrated through the sickness funds. Some treatment decisions may require evidence of need; for example, a dentist has to show the need for certain types of extensive gum treatments.

Under the law that applies to the German health care system, there is a Joint Federal Committee composed of representatives from associations of physicians, dentists, hospitals and sickness funds. The JFC assesses the effectiveness of traditionally covered services and of new diagnostic and therapeutic procedures. Coverage guidelines are issued after public notice of the subjects under consideration, and comments by interested parties and experts enter into the decision-making. JFC decisions on procedures are made according to evidence-based criteria. Such criteria range from randomized, controlled clinical studies to consensus conferences and expert opinions. Since care under the law must correspond to the generally accepted standard of medical knowledge and the progress of medical science, clinical practice guidelines and prevailing practices are highly relevant for coverage guideline validity. In case of individual sickness fund denials of reimbursement of a treatment not yet addressed by a JFC guideline, patients may appeal to a special court that will consider the evidence; generally one does not need to hire a lawyer to go through this process. Thus there are checks on the power of the JFC to limit clinical autonomy.(7) There is no age rationing for any procedure.

To make this process somewhat more concrete, we offer a few examples of costs refused or limited versus those paid for by one or more sickness funds: Some disallowed treatments under the public option, for example, are homeopathic remedies, Vitamin B injections (except in the case of a proven deficiency), and Viagra (considered a lifestyle drug). In some cases, the sickness funds cover a basic need such as glasses or a hearing aid, but if the patient wants a top-of-the-line, in-the-ear hearing aid or designer glasses, he or she must supplement the basic amount paid by the sickness fund. A few examples of

treatments that are fully covered in the German system are very expensive, end-of-life cancer drugs; mental health therapies and medications; and home care hospice services. In addition, some sickness funds pay for preventive measures such as up to 20 yoga sessions per year or Nordic walking courses, both of which have reportedly been shown through clinical trials to be beneficial in preventing certain illnesses or improving health.

**Question:** Is there a lot of bureaucracy?

**Answer:** Administration costs of the system, which is another way of referring to and measuring bureaucracy, account for about 6 percent of spending in the public option sickness funds (which again, cover about 90% of the population).(8) Patients experience virtually no bureaucracy; they do not have to deal with any agent or financial paperwork. Among the private insurance companies in Germany, the administrative costs are around 17%. In the U.S. system, administrative costs are estimated at close to one-fifth, or 20%, of total costs. So bureaucracy is actually much less in the public option health care system.

**Question:** How many Germans go bankrupt in a year because of medical bills?

**Answer:** In Germany it is impossible to go bankrupt because of medical bills, since even if you declare bankruptcy, the social solidarity system pays for your medical care. The idea is, if you do have financial problems and a lot of worries for other reasons, you do not need to have another burden in not being able to pay medical bills.(9)

**Question:** If you lose your job or get sick and cannot work, what happens to your health insurance?

**Answer:** Health insurance continues with no change if you lose a job. Germans simply do not have this worry that they will be without coverage for themselves and their family members.

**Question:** If the public option is so good, why do some people choose private insurance?

**Answer:** About 10% of the population is covered under private insurance. Anyone who makes more than \$69,187 per year for at least a three-year period has the option of choosing private insurance.(10) People who are civil servants, self-employed or freelance also have this option, even if they do not meet the income requirement. For some people who are still young and healthy and earn high salaries, private health insurance may be (temporarily) cheaper than the public option. Others choose private insurance to ensure that they have certain privileges: a

private room in case of hospitalization, payment for homeopathic remedies, or spa cures. Some people also supplement their public insurance with private insurance in order to gain these and other privileges.

**Question:** What are the problems of the German health care system?

**Answer:** There is pressure on the health care system because of the relatively high rate of unemployment in Germany. Hospital personnel, including doctors, have demonstrated and lobbied in recent years to get higher allocations (and doctors have just won increases that average out to 7.8%, varying according to specialization and geographic area). Copayments were introduced a few years ago to try to bring more money into the system. Nonetheless, the German health care system dates back to 1883 and has proven to be both flexible and robust. During the last two decades, Germans have tweaked their system, on average, every three years in order to try to address problems and keep costs under control.

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(1) Interview with Kurt Lauterbach, in Frontline: Sick Around the World: Five Capitalist Democracies and How They Do It , Public Broadcasting System series, April 2008. [http:](http://www.pbs.org/wgbh/pages/frontline/sickaroundtheworld/interviews/lauterbach.html)

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(2) "Most Germans Happy with German Health Care," National Public Radio feature, reported by Richard Knox, produced by Jane Greenhalgh, June, 2008. [http:](http://www.npr.org/templates/story/story.php?storyId=91971406)  
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(3) Krankenkassentarife, an independent website that provides information (in German) on the German health care laws, 2009: [http:](http://www.krankenkassentarife.de/krankenkassen_grundlagen.htm)  
[www.krankenkassentarife.de/krankenkassen\\_grundlagen.htm](http://www.krankenkassentarife.de/krankenkassen_grundlagen.htm)  
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(4) Krankenkassentarife website.

(5) Frontline: Sick Around the World: Five Capitalist Democracies and How They Do It , Public Broadcasting System series, April 2008. [http:](http://www.pbs.org/wgbh/pages/frontline/sickaroundtheworld/etc/graphs.html)  
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<<http://www.pbs.org/wgbh/pages/frontline/sickaroundtheworld/etc/graphs.html>>

(6) Frontline interview with Kurt Lauterbach.

(7) Ursula Weide, "Law and the German Universal Health Care System: A Contemporary Overview," German Law Journal No. 8 (1 August 2005).

(8) Frontline interview with Kurt Lauterbach.

(9) Frontline interview with Kurt Lauterbach.

(10) Krankenkassentarife website.

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