

Private Contra Public Health: The German System

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Abstract

In Germany 90 % of the population is covered by a Statutory Health System (SHI) which claims to be one of the best in the world. Fees for procedures are budgeted, be they ambulatory or inpatient, in free standing units or in hospitals.

Keywords: statutory health system, demographic factor, budgeting, ambulatory surgery.

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As reimbursement for the same procedure is much higher as inpatient than as ambulatory treatment the system favors expensive inpatient treatment because of non-medical reasons.

Principles of the German Health System

About 90 % of the German population is insured by the Statutory Health System (SHI) called Gesetzliche Krankenversicherung (GKV); 10 % are members of private insurance companies (PKV).

SHI is financed by a certain percentage fee of the individual salary which today is 15.5 %.

Those who do not get a salary like family members (e.g. children) and unemployed persons are insured anyway: The public will have to pay for them – either the local community in the case of unemployed or - in the case of family members - the state government by general taxes.

Demographic prognosis

Due to the demographic development the German population will decrease from 82 million in 2008 to 65 to 67 million in 2060. The expected decrease in the age group 0 – 19 years is 5 million and in the age group 20 – 66 years it will be 17 million. For those over 67 years an increase of 5 – 7 million is prognosticated.

Prognosis

The actual health costs are for a 10-year-old person the fee will be about 966 Euro per year, for 40-year-old persons up to about 1.200 Euro, for 70-year-old seniors about 3.673 Euro and for 90-year-old citizens to about 5.343 Euro per year. Due to the demographic development those cost will rise substantially.

In 2008 about 51 million active members and thus contributors to the SHI paid 160 billion Euro. In the year 2060 only 40 million contributors will exist. They will have to bring up a sum about three times that of 2008, namely 486 billion Euro.

In 2010 the average monthly contribution of SHI members was 142 Euro. The demographic factor will increase this fee up to 182 Euro in 2060. Taking into account an increase of costs by medical progress of 1 % or 2 % the monthly contribution for each member will rise to 300 or 490 Euro, respectively.

German problem

The German SHI offers the most extended service of medical procedures and benefits and claims to cover all necessary treatments like private insurances do. The German population is so accustomed to these offerings that people do not accept any reduction of services in the SHI.

Due to almost permanent elections in one of the many states of the Federal Republic of Germany politicians are reluctant to even debate any reduction in the SHI. Because of this and in consequence of the demographic factor the costs for the health system are rising and continually less money is available for the sick.

Remuneration for medical treatment

The lack of money in the system has led to budgets. Thus any free practicing doctor receives a defined sum (a budget) for which he has to treat a patient for the running quarter irrespective of the number and types of treatments.

For ambulatory treatment the surgeons have a quarterly budget between 20 and 35 Euro depending upon the district they are working in. For this flat rate they have to perform any diagnostic and postoperative treatment except the ambulatory procedure itself.

Payment for Ambulatory Surgery

The fees for ambulatory procedures are fixed at the level of 2009, the number of procedures are budgeted, too. This leads to the awkward situation that the more procedures are done the lesser the fee for each procedure will be.

Basically the fees for surgical procedures were once calculated by economic methods. But due to the budget system the fees dropped by 30 % in the last five years.

Comparison of in-patient versus ambulatory procedures

The same surgical procedures like e.g. hernia repair performed in a hospital as in-patient procedure will bring the hospital approximately a sevenfold increase in revenues over ambulatory treatment. Thus

hospitals are not motivated to perform these procedures on an ambulatory basis.

On the other hand free standing surgical units do not increase the number of surgical procedures because of decreasing fees per procedure in the budgeted system.

This leads to the situation that ambulatory surgery is halted in free standing units, whereas hospitals only switch to ambulatory performance if their budgets for in-patient procedures has been exhausted.