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Health Insurance in Germany: Challenges and current developments

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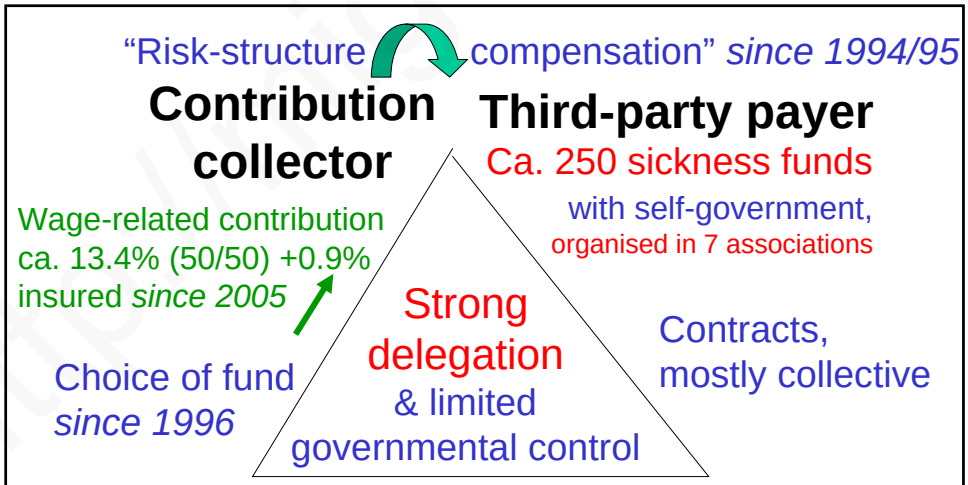


The German system at a glance ...

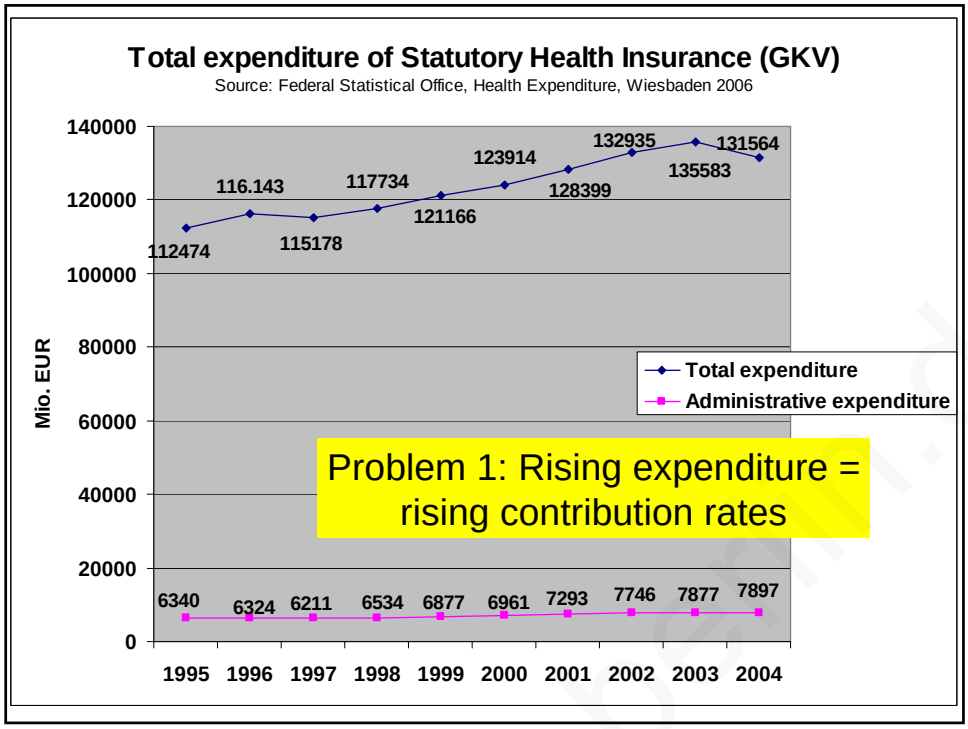
Main cost-sharing requirements since 2004

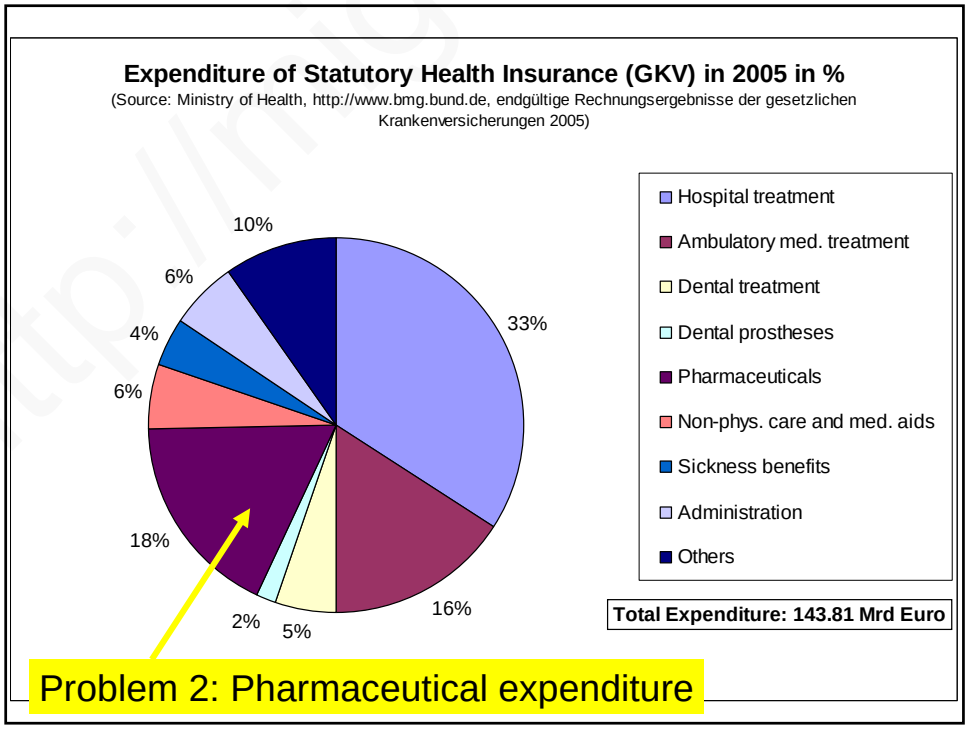
- **Pharmaceuticals:**
  prescription drugs 10%, min. € 5 (750 yen), max. € 10 (1,500 yen) + amount above reference price, 0 if price max. 80% of reference price; over-the-counter drugs normally 100%
- **Inpatient treatment:**
  € 10 (1,500 yen)/ day for max. 28 days/ year
- **Ambulatory medical and dental treatment:**
  € 10 (1,500 yen) per first visit in every quarter and for visits without referral

Fear "chronically ill don't go to physicians" was not true!

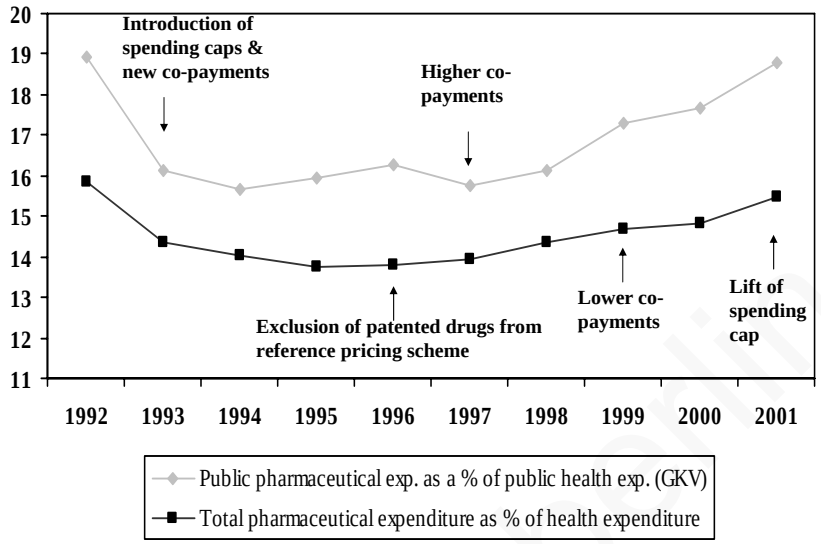
	Not chronically ill	Chronically ill
With visit 2003	69.4%	92.2%
2004	68.2%	93.6%
Number of visits 2003	2.51	6.09
2004	2.28	6.06

Grabka, Schreyögg, Busse 2006



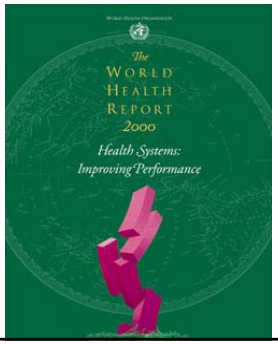


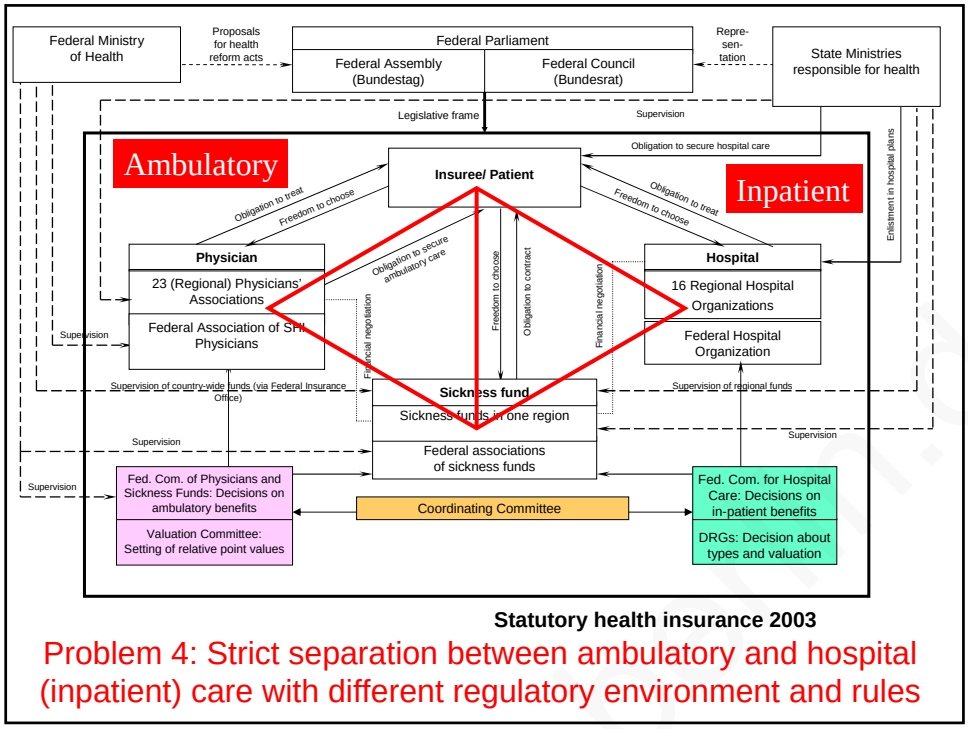
Spending caps: effective for cost-containment but politically unsustainable



Problem 3: Quality and cost-effectiveness

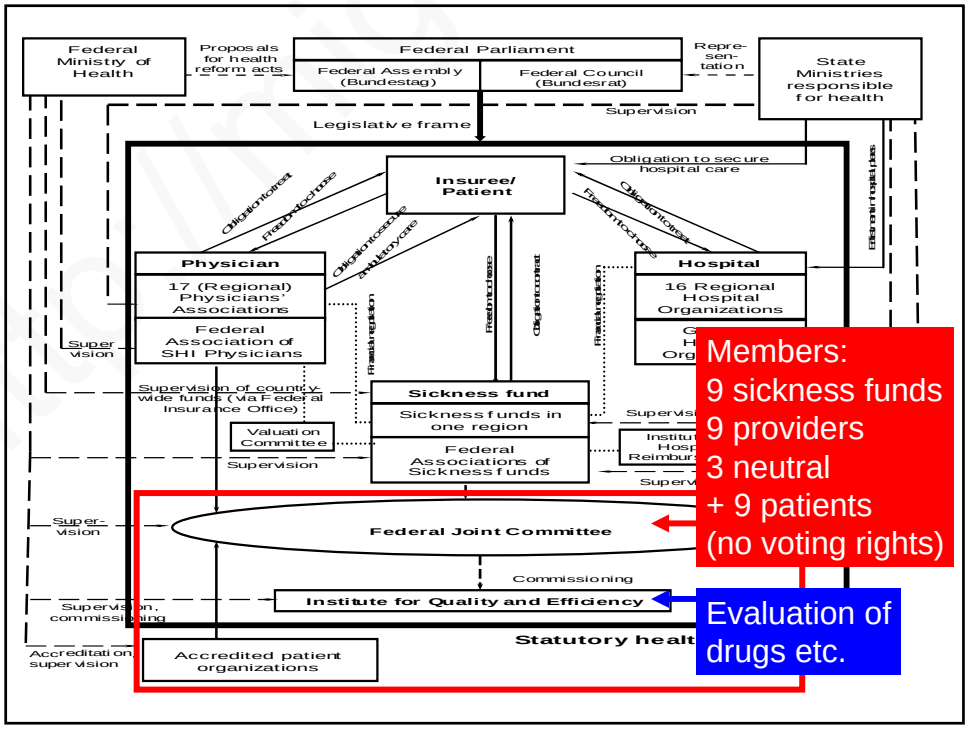
- Germany always knew that its health care system was expensive, but was sure it was worth it ("the best system")
- Quality assurance was introduced early but concentrated on structure
- Increasing doubts since late 1990s: Health Technology Assessment introduced since 1997
- World Health Report 2000: Germany only # 25 in terms of performance (efficiency)
- International comparative studies demonstrate only average quality (especially low for chronically ill)





Statutory health insurance 2003

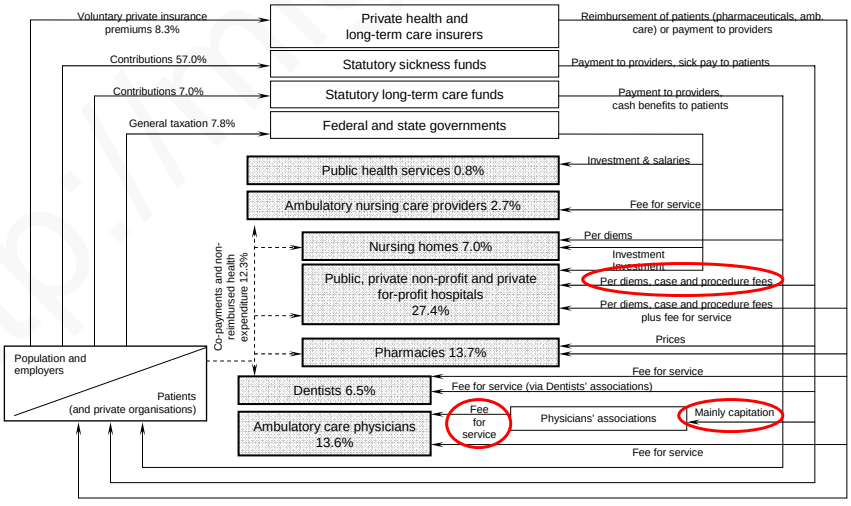
Problem 4: Strict separation between ambulatory and hospital (inpatient) care with different regulatory environment and rules



Disease Management Programmes (since 2002)

- Compensate sickness funds for chronically ill better (make them attractive) = reduce faulty incentives to attract young & healthy
- Address quality problems by guidelines/ pathways
- Tackle trans-sectoral problems by “integrated“ contracts
- = introduce Disease Management Programs meeting certain minimum criteria and compensate sickness funds for average expenditure of those enrolling (new RSC categories)

double incentive for sickness funds: potentially lower costs + extra compensation!



Problem 5:
Financial incentives vary between sectors/ providers and are changed frequently – „solutions“ to old problems create new ones