



Position Paper

Need for a Sustainable Healthcare System in Germany

Exec. Summary

- In Germany, reforming the healthcare system remains high on the political agenda due to structural and governance flaws in the current healthcare system.
- Despite major reforms, the healthcare system in Germany does not possess a solid financing basis. Financial pressure on the statutory health insurance continues to increase due to recently-made financial commitments to hospitals and physicians, and due to the world economic crisis.
- The German healthcare system must be reformed fundamentally, with the first steps being the introduction of more competitive elements and less regulation.

The Issue

In Germany, scarcely one legislative period passes without some striking regulatory change in the healthcare system. The government is confronted with rising costs of maintaining inhabitants' health due to demographic change and medical progress. Despite major reforms, the overall cost of healthcare in Germany has been outgrowing the funding base for some time and is heavily dependent on the employment market situation. The fundamental challenge of how to finance the healthcare system in the future sustainably remains unsolved. In its present form, the German healthcare system shows basic structural and governance flaws which must be improved.

Background

The 2007 healthcare reform was based on a reorganization of the statutory health insurance system (SHI) resulting in the introduction of the healthcare fund and a unitary contribution rate. This latest healthcare reform has, however, not been able to achieve a sustainable reform of the German healthcare system. In particular, the opportunity has been missed to sustainably reorganize the basis for financing the statutory health insurance system, taking account of demographic developments and medical and technical progress. Still, financing the statutory health insurance system is dependent on the level of income. The introduction of an individual extra contribution rate has not sufficiently changed the situation. In fact, the world economic crisis and the latest financial commitments to hospitals and physicians steadily raise the financial pressure within the statutory health insurance. At the same time, regulation of the drug products market has been further intensified. In the pharmaceuticals area, there are to be maximum reimbursement levels for drug products based on a cost-benefit analysis. A second medical opinion has to be obtained when particularly expensive specialty drug products, e.g. cancer drugs, are prescribed. In fact, the cautious introduction of such instruments of competition on the one hand is counterbalanced by the expansion of central government control on the other.

Our Position

The German healthcare system is in need of fundamental reform in order to be able to adequately meet the enormous challenges of demography and medical and technical progress in the long term. A financial reform of the statutory health insurance must concentrate on decoupling healthcare cost and labor cost. This can be achieved by converting



employer contribution to salaries. Thus, allowing for greater individual responsibility. In the future, the SHI catalogue would concentrate on the benefits of basic care, supplemented by an optional range of services to be determined individually. A transition to flat rates independent of income would be introduced. Social balance would be ensured by means of the taxation system. Extraneous insurance benefits would be excluded and likewise financed by taxation. Greater individual responsibility and greater self-determination by the insured would be increased by the introduction of individual benefit packages through optional rates above the statutory basic provision.

As far as the pharmaceutical market is concerned, the widely non-transparent regulatory system of the statutory health insurance system needs to be dismantled and systematically reorganized in order to allow competitive, fit-for-purpose instruments to emerge. Contractual competition would prevail, where possible. It would be entirely subject to the rules of cartel, competition and contract law.

Additionally, the underlying conditions for innovation in Germany must not deteriorate. A methodologically appropriate and transparent cost-benefit analysis would also continue to allow the best possible provision of patients with innovations. Immediate access by patients to innovative medicines must be retained in the future as the strengths of the German system.