

Health-Care System Reform in Germany



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1. Trends in Health-Care System Reform

1-1. Phases

- (i) Expansion Phase (1970 Forward)
- (ii) Cost Control Phase (1977 Forward)
- (iii) Structural Reform Phase (1989 Forward)



1-2. Expansion Phase (1970 Forward)

- Expansion in the scope of eligibility for health-care insurance coverage, expansion of insurance benefits
- Advances in the medicine field, active acceptance of insurance benefits
 - ⇒ Pronounced increase in the cost of health-care insurance benefits
 - ⇒ Steep increase in insurance premium rates
 - * Uptrend in average insurance rate
8.2% in 1970 to 11.3% in 1976



1-3. Cost Control Phase (1977 Forward)

Policy shift from expansion to cost control

- Focused on demand side, with increases in beneficiary share of cost burden as well as reductions in benefits.

- ⇒ Effectiveness short-lived

- ⇒ New cost curbs legislated practically every year



1-4. Structural Reforms (1989 Forward)

- Experience with legislated cost curbs (Effective in the short term, only)



- ⊙ Need for far-reaching reforms to the structure of the health-care supply system



2. Structural Reforms

2-1. Assumptions

Maintain basic principles of current system

Basic Principles

- Principle of partnership (\Leftrightarrow market-based system)
- Principle of autonomy (\Leftrightarrow public health-care supply system)
- Separated insurers (\Leftrightarrow universal health-care insurance)



2-2. Objectives of Structural Reforms

- Stable insurance premiums (← Need for domestic job security)
 - Assurance of quality and economic efficiency in the delivery of health-care services
- ↑
- ◎ The position that high-quality health-care and economic efficiency are simultaneously feasible, provided steps are taken to cut waste and improve the efficiency of health-care services



2-3. Means

- ◎ Emphasize the role of market competition as a means of encouraging improvements in the quality and economic efficiency of insurance benefits.

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- Public sector adoption of general budget framework



3. Insurer Competition

3-1. Goals of Competition

- Expanded range of choice in the selection of health insurance associations (Krankenkasse)



- Competition by insurance associations for insured persons



Encourage better management of health insurance associations.



3-2. Preconditions for Competition

- Differences in structure of risk assumed by insurers
→ Differentials in insurance premium rates



- Need to set preconditions for fair competition and the elimination of risk selection



- Implementation of adjustments in risk structure



3-3. Adjustments in Risk Structure

- Make adjustments in terms of insured person income levels, gender and age, number of insured family members, etc. that do not result in a competitive advantage or disadvantage.



- Capturing younger insured age groups marked by higher levels of income should not lead to a competitive advantage.



Encourage insurance premium rate reductions through improved economic efficiency.



3-4. The Benefits of Competition

- Changes in scale of insured person base driven by insurance premium rates
 - Equalization in insurance premium rates
 - Encouragement of mergers between health insurance associations
- ↕
- Will not foster enhancements in the quality of health-care.
 - Adoption of disease management programs
 - Latitude for risk selection still exists.
 - Need for adjustments that directly take disease morbidity into account



3-5. Areas for Competition

Current Conditions:

- Competition among insurance associations has been limited to premium rates and services for insured persons.
- Unified contracts between associations and health-care providers
→ Competition on issue of quality will not emerge.

Future:

- Widened scope for decision-making by all parties
- Encouragement of mutual competition among health-care providers



3-6. Undertakings with a Bearing on the Provision of Health-Care Services

Implement various initiatives from the standpoint of fostering improvements in the quality and economic efficiency of health-care services rendered.

- Stronger roles for family doctors
- Implementation of "integrated health-care service framework" through the coordination of family doctors, specialists, and hospitals
- Adoption of disease management programs for chronic illnesses
- Mandated continuation of education for physicians that provide insured health-care services
- Establishment of organizations for the professional assessment of health-care guidelines and drug effectiveness
- Stronger patient rights (e.g., pertaining to the disclosure of medical data, participation by patient groups in investigative deliberations)



Addendum: Revenue-Related Measures

National Insurance (SPD Proposals)

- Need for fairer burden sharing



- Framework that covers all citizens and all income levels

Headcount Insurance Premiums (CDU/CSU Proposals)

- Climbing premiums have a negative impact on domestic employment.



- Abandon scaling of insurance premiums to wage levels.



4. Points of Relevance for Health-Care System Reform in Japan

- Demand-side oriented measures / structural reforms
- Competition
- Negotiations and accords by all involved parties / centralized decision-making
- Roles assigned to insurers
- Enhancements in health-care quality and efficiency
- Fair burden-sharing