

Germany: All-party coalition agrees drastic reform of health system

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In close collaboration with Horst Seehofer (Christian Social Union—CSU), the former health minister of the previous conservative government of Helmut Kohl, and supported by all the various fractions represented in the German parliament, the current minister for Health and Social Security, Ulla Schmidt (Germany Social Democratic Party—SPD), has implemented measures to devastate health care for broad layers of the population. The cuts represent the most far-reaching assault on the health system in postwar German history.

Already next year the new plans envisage savings in the health scheme amounting to almost 10 billion euros, rising to 23 billion euros by the year 2007. According to the central consumers organisation in Germany, 18.5 billion euros will be extracted from the pockets of patients through the reduction of benefits and services and increased payments. Just 3 billion euros will be saved at the expense of service providers (mainly the pharmaceutical companies, as well as doctors and hospitals). By these means the government is intent on reducing additional wage costs for employers. In a government statement made in mid-March of this year, Chancellor Gerhard Schröder (SPD) announced his intention to reduce the current level of health insurance contribution from 14.3 percent to less 13 percent.

Contribution payments to be made by individual patients are to be increased drastically. The president of the Germany society representing the insured and patients quite correctly spoke of an “orgy of extra payments.”

For the first time the new measures include a so-called “entry fee” for the doctors surgery. A visit to the doctor will require a payment of 10 euros per quarter year; for the chronically sick therefore a payment of 40 euros per year. An additional 10 euros must be paid to cover any visit made to a specialist doctor, when the latter is not recommended by the patient’s own doctor. The insured are also expected to pay 10 euros per quarter for any visit to the dentist, i.e., for the regular patient another 40 euros per year.

Payments by patients for many medicines will double. Beginning 2004 the sick will be expected to pay between 5 and 10 percent of the price of medicines—in the case of expensive preparations up to 10 euros for each dosage. At present, and according to the size of the dosage, the existing price paid by patients rests between 4 and 5 euros. In addition, in future the patient will have to pay the full price of all non-prescribed medicines. This measure alone will have huge repercussions. The magazine *Stern* gave the following example. In the case of an acute stomach complaint the stomach

preparation Kreon is regularly recommended. Currently patients must pay 4.50 euros for every packet of medicine containing 100 tablets. Following the new measures the afflicted will now have to pay 55.85 euros.

While previously children were freed from prescription charges up to the age of 18, this limit will now be reduced to 12 years of age. Treatment in hospital will also be more expensive. Up to now patients were required to pay 9 euros for every day in hospital, up to a total of 14 days—i.e., 126 euro per year. For a prolonged stay in hospital this contribution will now nearly double in price. Instead of 9 euros patients will now have to pay 10 euros per day and for a period of up to 28 days—i.e., up to 280 euro per year.

While it has been declared that the sum of all payments made by the insured should not exceed 2 percent of gross income (in the case of the chronically sick 1 percent) it is unclear how any control is to be made of these figures. The result of the new payment system will be to deter the sick from visiting a doctor, in particular when it appears the illness is slight. In the event that the “slight” illness has in fact acute consequences then the price will be paid by the patient and the health system as a whole, which will be required to deal with an acutely sick patient.

Many other services currently undertaken by the health insurance companies in Germany will also be cut: death benefit (525 euros), payments for births (77 euros) and payments for sterilisation will no longer be covered. The previous service of financing taxi fares for trips to the doctor—especially critical in the case of the elderly and those living in remote areas—will no longer be paid. A contribution for the acquisition of spectacles will only be available for children and those with “severe sight deficiency.” The current health insurance practice of only permitting artificial insemination treatments to women of a certain age will be concretised in law; then the companies will only pay half the costs.

The biggest burden for consumers and patients, however, will arise from the departure from the existing form of financing the health system on the basis of a solidarity scheme, i.e., that employers match the contributions made to the health kitty by workers. Beginning next year pensioners will also be called upon to pay up. All those with a factory pension or a side job to supplement their income will be called upon to pay the full rate of contributions instead of the current 50 percent. In total pensioners will then contribute an additional 1.6 billion euros to the health system.

The poorest layers of society will also be forced to pay out more.

Those dependent on miserly social insurance payments will receive “the same treatment as the insured” and will be required to pay one euro for each treatment or dosage of medicine. The German trade union organisation DGB estimates that additional costs for an average household earning 2,500 euros per month will amount to 600 euros per year.

Organisations representing consumers and patients have pointed out that the measures to be implemented are directed against the ordinary person paying health insurance with virtually no consequences for the big pharmaceutical companies. The newspaper *Frankfurter Rundschau* commented: “If it was not so unfashionable to use the language of class struggle, one could describe the package as a redistribution of income from the poor to the rich.”

The proposals which have been described by Ulla Schmidt and Horst Seehofer as the “greatest reform in recent German social history” are in fact unparalleled. There have never been such drastic attacks made on the health system. The SPD-Green Party government are not only continuing, but have stepped up the assault on health which they so criticised when it was initiated by the previous conservative government of Helmut Kohl (CDU).

All the parties in the German parliament are in general agreement with the measures. The debate on the extent to which patients should be burdened was always a question of “how” and not “if.”

All parties rejected proposals to increase the number of those contributing to health service finances and in fact for some considerable time the “solidarity” principle of the German system has no longer applied. Health insurance is financed exclusively from those employed in low or average wage jobs. Higher incomes, income from speculative profits, rent, and income from capital savings are all exempted from payment.

Only those who have a monthly gross income of less than 3,450 euro are obliged to contribute to the health insurance scheme. All those whose incomes exceed this level are able to take advantage of cheap private insurance schemes. In the interest of the rich the government rejected proposals to modestly raise the level for the paying of contributions to the state system. The government has also refused to even contemplate dissolving the private insurance schemes, thereby requiring everybody, including the rich, to pay into the same system.

The contribution to the system made employers, which has been applauded by many commentators as an act of generosity, is in fact part of a worker’s wage that is paid towards the health insurance scheme instead of being paid directly to the worker. This means that the reduction of the employer’s contribution is equivalent to a drastic cut in wages for the worker.

The latest health system reform wipes out the last traces of the old “solidarity”-based system. Following the government’s attacks on the German pension schemes, forcing workers to take up costly private insurance, the assault on the health system removes one of the fundamental pillars of the German welfare state, which has roots going back to the period of Chancellor Bismarck nearly 120 years ago.

The consequences will prove to be catastrophic, accelerating the development towards a two-tier health system with only the rich

being able to afford adequate care. One would have to go back to the 1930s to find a comparable assault on the living conditions of the working classes.

Last week one of Germany’s main welfare organisations held a press conference and stated that the social policy of the German government would lead to a drastic increase in mass poverty in Germany, with the numbers dependent on social assistance support rising from the existing figure of 2.8 million to 4.5 million. “Nearly every 10th child will become dependent on an income comparable to social assistance support. At the moment it is nearly every 15th.”

At the same time this policy encourages and mobilises the most reactionary, egotistical and anti-social elements. In this respect the contribution made to the debate on the German welfare system by a certain Philipp Missfelder must be noted. Last weekend the 23-year-old student and chairman of the Young Union (JU—youth movement of the conservative parties) demanded that health services for the elderly be severely curtailed. In his opinion it was no longer tolerable for 85-year-olds to receive artificial hips or dental work. It was no longer permissible, he argued, for the elderly to live at the expense of the younger generation.

German Health Minister Ulla Schmidt rejected this proposal, declaring: “We are not living in a medical stone age,” but that does nothing to change the fact that individuals such as Missfelder are encouraged by her policies. Schmidt embodies the characteristic which runs through the entire SPD-Green Party government—complete spinelessness. In the long deliberations that took place over the health reform there was not a single significant point where government representatives offered the least resistance to the demands made by the pharmaceutical or medical lobby. They always sought the path of least resistance and are currently allowing themselves to be propelled in their policies by the most influential business lobby groups.

This unbridled opportunism is closely bound up with their own political past. In the 1970s during her university studies, Ulla Schmidt was a leading member of a Maoist organisation, the Communist League of West Germany (KBW), standing as parliamentary candidate for the organisation in 1976. However, at the beginning of the ‘80s, when the conflicts in this and other Stalinist organisations grew in intensity, she quit the group and joined the SPD in order to concentrate on her career.

In similar fashion to her fellow ministers Joschka Fischer and Jürgen Trittin, who both came to positions of political prominence based on their activities in the Green Party, Schmidt’s transformation from a petty bourgeois radical to state minister was bound up and entirely compatible with her profound contempt for the broad masses of workers.



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