Germany: Health "reforms" at the expense of the working population

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It is becoming ever clearer that the impending health "reforms" to be introduced by the German government herald a fundamental change in Germany's welfare state at the expense of ordinary working people.

Contrary to earlier government announcements, the health reform bill will now be brought before parliament after regional elections in Berlin and Mecklenburg-Pomerania on September 17. The grand coalition of the Christian Democratic Union (CDU) and Social Democratic Party (SPD) are clearly afraid that any public debate of the so-called "reforms" might damage their chances in these upcoming elections.

In order to ensure the health reforms are effective from January 1, 2007, talks are already being held with the various state governments, which must agree the bill in the Bundesrat (Upper House of Parliament). Chancellor Angela Merkel (CDU) expressed her confidence that the health reforms will begin as planned on January 1 next year.

At present, contributions are levied directly by scores of health insurance schemes. But under the reforms, a new fund will be set up to administer the statutory health insurance payments, which fund Germany's €140 billion ($180 billion) annual costs for the health care system.

The "Health Fund"—the central feature of the reforms—will only be introduced from July 1, 2008. This central fund will pool all contributions by employers and workers, combining them with some tax revenues, with contributions by workers and employers set to rise by a half percentage point. But if these contributions are still insufficient, auxiliary premiums can be levied.

The contribution rate for businesses is set annually by the Bundestag (parliament). However, since business contributions will most likely be frozen, if not cut (in the name of "lowering ancillary wage costs"), this will quickly lead to deficits in the health insurance schemes.

In these circumstances, the insurers will seek to raise the necessary finance by imposing additional levies on ordinary working people—either in the form of a lump sum or as income-related additional payments.

Naturally, the fierce criticism of the reforms—and particularly of the new "Health Fund"—by sections of the media, big business and the establishment parties that represent them is not directed against this fundamental change. Rather, for these critics, the deregulation of Germany's health service is not going quickly or far enough. The present state intervention into the health service is not aimed at ensuring certain standards are preserved, but at their eradication.

The CDU is demanding even greater deregulation and privatisation of the health service in the interests of big business by means of radical cuts in welfare support and higher contributions from individuals. This would continue and intensify the trend of creeping privatisation in health care already begun by the last SPD-Green Party government.

According to figures from the Federal Statistical Office, at €131.6 billion, the health insurance schemes spent €4 billion less in 2004 than in the previous year. On the other hand, private households had to spend €3.6 billion more on their health care in comparison with the previous year.

During a period of 10 years, a clear shift has taken place. The proportion of total health spending paid by the insurance schemes has receded from 60 to 56 percent. At the same time, the share paid for by private households has risen from 10 to 14 percent.

The SPD health expert Karl Lauterbach is demanding a larger increase in contributions or an increased tax subsidy. "Fundamentally changing the system can take place only if the contribution rate is high enough that individual insurers will not seek to raise auxiliary contributions as soon as the new health fund starts," he told the *dpa* press agency.

The "only way" to avoid further contribution increases consists of diverting tax receipts into the health insurance system. But this will not happen. The €4.2 billion federal subsidy paid so far this year is planned to be cut.

Irrespective of the ins and outs of the debate in official political circles, it is ordinary working people who will pick up the tab—through greater financial burdens and smaller benefits. The real reasons for the lack of finance in the health insurance system are the constant cuts in federal subsidies, growing mass unemployment, which has caused a drop in contributions, as well as the unrestrained profiteering of the pharmaceuticals giants. The health "reforms" are thus part of the offensive of the ruling elite in Germany against wages, working conditions and longstanding social achievements.

The insurance schemes' campaign against the health reforms, despite some justified objections—for example, their warning of an inevitable rise in contributions—is mainly characterised by self-interest. The Health Ministry plans to dissolve the seven leading health insurance schemes, and it has set the goal of reducing the total number from approximately 250 down to 50.

In the past, a decrease in the number of health insurance schemes did not guarantee a decrease in the expenditure on health care—quite the opposite. In 1991, there were more than 1,200 health insurance schemes; now there are about 250. However, their administrative costs rose in this period by around 50 percent.

The merger or dissolution of the health insurance schemes will not lead to a reduction in costs, but it will decimate the number of executive board members, denying some top earners their sinecures.

The criticism levelled by representatives of the physicians and hospitals is largely justified. The cumulative effect of the cuts carried out in hospitals is drastic. The president of the German Hospital Association (DKG), Rudolf Kösters, called the planned cuts of around €750 million annually in hospital budgets a "provocation," placing a question mark over hospitals being able to provide 24-hour cover.

The recent doctors' strikes have cast a sharp light on the catastrophic conditions that prevail in many hospitals. The government's aim is to force through competition here as well. Some studies have concluded that in the next four to five years, some 20 to 30 percent of German hospitals will close.

In the course of the health reforms, the role of the Institute for Quality and Efficiency in Health Care, responsible for the scientific evaluation of the use, quality and efficiency of health care services and pharmaceuticals in Germany, is to be re-evaluated. Recently, it was decided that statutory health insurance should no longer pay for certain types of insulin. From next year onwards, the institute has to submit to cost-benefit analysis. The aim is to limit doctors' freedom to prescribe the treatment they deem appropriate, and to make more expensive therapies unavailable to patients without private health insurance.

This practice will threaten the lives of thousands. For example, the statutory health insurance schemes may refuse to fund prosthetic limbs or heart transplant operations for patients over a certain age, something representatives of the CDU had demanded in the past.

Many doctors already worry that patients' interests are not given sufficient consideration. On August 23, the broadcaster *WDR* reported on a study to introduce Diagnostic Related Groups (DRG), pointing to the dangers to health this would entail. The broadcast closed by saying, "sooner or later, treatment in hospitals will be determined by the calculations of hospital accountants and not the Hippocratic Oath."

This conclusion could be applied to the entire health system. The "reforms" are not motivated by concerns for the health of ordinary working people, but the enrichment of a small, but influential, elite.