

# German government prepares to implement two-tier health care system

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The German government is forcing through the abolition of state health insurance in favour of a two-class medical insurance system. To this end, Health Minister Philipp Rösler (Free Democratic Party) has appointed Christian Weber, a private health insurance lobbyist, as head of health policy.

The FDP, working together with Christian Democrat (CDU) business lobbyists, has already made it a condition of the government coalition agreement to dismantle the state health insurance system. A key aim is to introduce the so-called “Kopfpauschal” (“per-head package price”) flat charge, whereby everyone in the state health insurance scheme has to pay the same amount, regardless of income.

The FDP had already raised the demand during their election campaign that all pension, medical and health care insurance schemes be privatized. Insurance policy holders should be able “to decide for themselves” what kind of insurance and level of coverage they can afford. The FDP election programme stated bluntly: “Voluntary contributions are essential for cost-effective and health-conscious performance.... The central role of the state is not to create absolute equality, but to ensure that everybody has the opportunity and the right to choose the level of coverage they want.”

Weber, himself a member of the FDP, has been the leading lobbyist for the private health insurance alliance (PKV) for more than 20 years. He established the PKV Scientific Research Institute and has lately served as the vice president of the Alliance.

Weber represented the interests of private health insurers when health reforms were introduced by the previous two federal governments. Among other things, he campaigned three years ago to prevent the billion-euro financial reserves of the PKV members being used to finance national health funding.

Rösler and the FDP propose that employer health insurance contributions remain frozen at the current level of 6.9 percent of gross salary. The extra costs of any future increases in health insurance premiums would be paid for by insurance policyholders. The government is currently discussing a possible minimum flat-rate payment of about €110 per month for everyone in the statutory health insurance scheme. This measure alone would place a considerable additional burden on workers.

A proposal to abolish “family policies”—i.e., the inclusion of children and unemployed spouses in the insured person’s policy—will also add considerable burdens to those whose income is on or over the €3,750/month contributions borderline. The latter currently have to pay €300 a month for their health insurance.

At the same time, due to the billion-euro deficit of the health insurance system, these extra contributions will still only be enough to secure minimal health coverage. To get more than this basic coverage, additional payments will be needed.

These policies will further the establishment of a two-class health insurance system in which workers get only basic minimum health care, while richer people will be able to purchase the best health care money can buy.

Such a system has already been surreptitiously implemented in recent years by means of health care restrictions. For example, the president of the German Medical Association, Jörg-Dietrich Hoppe, has complained that specific medical treatments are no longer available for all patients. “Today, not every patient is allowed very expensive cancer medications,” he told the *Frankfurter Allgemeinen Zeitung*.

Because of budget restrictions, doctors and hospital staff decide whether or not it is “worth” treating particular patients with expensive individual treatments. “There is secret rationing in the German health care system,

because there is not enough finance available to give everybody state-of-the-art therapies. The patients generally don't know about this," Hoppe said. Hoppe is calling for the government to ration care explicitly, rather than relying on medical professionals.

More than 70 million people will be affected by these state health insurance reforms. About 10 million people have private health insurance.

The private health insurance companies stand to make a huge profit from the planned changes, because they will be the ones to provide the additional private coverage. But the state health insurance providers will also be obliged to offer countless additional "products."

That means it is just a tiny step away from total privatisation.

Rösler has support from the CDU health expert Wolfgang Zöllner to introduce a flat-rate premium instead of the current contributions system. Zöllner told the *Leipziger Volkszeitung*, "We can't carry on with the current system of state health insurance financing. We need a further reform of the old financing model."

In reply to the criticism that his proposals would create an unfair health system, the national health minister countered by saying that his reform plans would be implemented "step by step" and be accompanied by equalising taxation measures.

In March 2008, Rösler stated in an address to the Niedersachsen branch of the FDP that major taxation reforms were necessary "to raise people's net income so that they can be in a position to afford the extra costs that the social welfare reforms will place on them."

Health care specialists estimate that it will cost between €20 billion and €40 billion every year to make up this deficit. The reference to a "step by step" implementation is deliberate window-dressing. Whether introduced in one go or step-by-step, the social effects will be the same.

The promise of equalisation through tax reforms is a hollow lie. By simultaneously reducing income tax levies, it is obvious that the government will have to reduce state spending, putting this plan, like many other social services, under pressure from the start.

The SPD health spokesman, Karl Lauterbach, told the *Frankfurter Rundschau* that Rösler's decision to appoint Weber could "scarcely be more brazen." And Green Party expert Biggi Bender complained that they had "put the fox in charge of the hen house."

However, Rösler has been able to smugly remind critics from the Left Party and the Greens about the role both parties played in the past—when they had seats in

parliament between 1998 and 2005.

The health minister replied in an interview with *Frankfurter Rundschau*: "They are acting as if this was all our idea. But even before us—introduced under Health Minister Ulla Schmidt—the equal contributions principle in the state health insurance system was done away with. Employees currently pay 7.9 percent while employers pay 7 percent; and many health insurers demand additional charges, which must be paid exclusively by the policyholders."

It is indeed true that the German state health insurance system has been under attack for many years. Health services for the insured have been cut "step by step," and costs have been shifted "step by step" onto the backs of working people. Hospitals have been put under the so-called efficiency principle, meaning they have to "make a profit" by reducing staff and wages, and by outsourcing. Many of the new measures like extra payments for medicine and the compulsory quarterly €10 charges were introduced by the former SPD-Green Party coalition.

The end result has been the systematic undermining of the "equal contributions" system in the state health insurance system.

Holger Langkutsch, the chairman of the board of the biggest state health insurance provider, Barmer GEK, has said that state insurance concerns have a total budget of €170 billion. The share that the employers must contribute is only 38 percent. The majority of the sum—62 percent, or more than €105 billion, must be funded by employees themselves.

Rösler announced in the *Frankfurter-Rundschau* interview that he would stop at nothing to carrying out his plans, not least confrontation with the German people: "It is not my task to gain popularity in the opinion polls," he declared.



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