

## ***Germany Health Care System***

Germany has a two-tiered health insurance system: statutory health insurance (SHI) covering almost 90% of the total population, and full-coverage private health insurance (PHI) covering the remaining 10%. Since April 2007, all German citizens have been obliged to take out health insurance, either public or private.

Statutory health insurance is based on the pay-as-you-go principle. Contributions are income-related, ranging from 11.5 to 16.5% of gross income, and are equally shared among employers and employees. SHI is compulsory for those earning less than €4,012.50 a month (in 2008), for pensioners, students, the unemployed and disabled individuals. Non-income earning family members (spouses and children up to the age of 25) are co-insured free of charge. Individuals with an income above the threshold or the self-employed can voluntarily remain in the social system or opt out and purchase risk-rated private health insurance.

Statutory health insurance is provided by 212 not-for-profit sickness funds regulated by public law. The sickness funds – the payers – contract with both public and private health care providers. In the decentralized German system where the government only sets the legislative framework, sickness funds and providers are the main actors. Their regional associations constitute the so-called self-governance bodies, responsible for price negotiations and policy implementation at the regional level. At the national level, the Federal Joint Committee – itself one of the products of the 2004 structural reform<sup>5</sup> with even representation from payers and providers and also patient associations – determines which services are included in the SHI benefit basket. The SHI benefit basket is rather comprehensive, embracing preventive, ambulatory and hospital care and rehabilitative services, and is unitary for all sickness funds.