

# UEMO 99/245

## German National Report for the UEMO meeting on 28.10. -30.10.1999

1999 was a year marked by the debate on a fundamental reform of the German health system, as targeted by the "Red-Green" Federal Government (a coalition of Social Democrats and Alliance '90/Greens) that came to power in 1998. The law, which is to take effect on 01.01.2000, is characterised by the strict limitation of expenditures, the increased flexibility of the contracts between the health insurance funds and the doctors, resulting in more extensive negotiating power on the part of the health insurance funds, the restriction of options for prescribing drugs through the introduction of a so-called "positive list", and the establishment of an extensive set of tools enabling the health insurance funds to review the economics of the treatment provided by the doctors. In addition to the plans described, which are rejected by the entire medical profession in Germany, the Red-Green coalition government has also set itself the task of promoting the provision of medical services by general practitioners and family doctors, thus putting an end to the undesirable development that has been going on for decades in the field of outpatient care in Germany. Consequently, the Professional Association of General Practitioners and Family Doctors in Germany (BDA) has taken a differentiated look at the Government's plans and, while definitely rejecting the strict [imitation of expenditures in the outpatient sector, indicated its willingness to talk about the plans relating to the provision of medical services by general practitioners and family doctors.

### Strict budgeting of the expenditures of the statutory health insurance system

The members of the medical professions were particularly vehement in objecting to the introduction of a so-called global budget. The term global budget means the amount of money that is available to each individual health insurance fund for spending on providing medical services for its insureds. According to the ideas of the Minister of Health, the global budget will not be allowed to use more in any year than the percentage increase in the income subject to social security contributions of the insureds. This means that the expenditures of the health insurance funds would be closely linked to wage developments in Germany, thus failing to give any consideration to the demographic changes in the German population and the associated morbidity trend.

The retention of the drug budget could also have serious consequences for the medical care of the population. Even in the past, the expenditure on drugs was de facto linked to the development of wages in Germany. It was felt to be particularly unfair that, if the drug budget was exceeded, compulsory equalisation payments had to be made from the doctors' fees. This situation is aggravated by the fact that the drug budgets are in future to be adjusted to the expenditure level of the three regions in Germany with the lowest expenditure on drugs. For most doctors in Germany, this will mean that the coming years will see a continuing decline in the funds available to them for drugs.

### Strengthening of the negotiating power of the health insurance funds

The ideas relating to increasing the flexibility of contracts lay the ground for a fundamental change of paradigms. The status quo is such that the contracts in the field of outpatient medical care are concluded by the Lander associations of the health insurance funds, on the one hand, and the Regional Association of SHI-Accredited Physicians (Kassenärztliche Vereinigung), on the other. This principle proved its worth in the past, as the contract doctors were able to benefit from the centrally negotiated contracts in this way. The plans for the Health Reform 2000 provide for the health insurance funds being able to conclude contracts with individual doctors or groups of doctors without involving the Regional Association of SHI-Accredited Physicians. The coalition government expects the possibility of concluding individual group contracts to open up contracting practices and thus improve the capacity of the system for

Innovation, as well as giving the health insurance funds the possibility of exploiting potentials for improving cost-efficiency. In fact, this step introduces a "purchasing model", whereby the health insurance funds can conclude contracts with doctors who work at particularly low cost. This will not only lead to a further decline in the remuneration for medical services, but also make the medical services landscape in the outpatient sector confusing and thus impair its quality. A contract system of this kind would virtually torpedo the commission to safeguard the provision of medical care that the Regional Associations of SHI-Accredited Physicians have successfully discharged to date,

#### Strengthening of the provision of medical care by general practitioners and family doctors

The strengthening of the provision of medical care by general practitioners and family doctors has been declared one of the major aims of the planned Health Reform 2000. This is intended to put an end to an undesirable development that has been going on for decades in the field of outpatient care in Germany.

The present bill caters to the fact that general practitioners and family doctors were already assigned their own sphere of medical care in the 1989 health laws by introducing a system whereby part of the total fees and remuneration in the outpatient sector is to go to the general practitioners and family doctors, and also by defining certain services that can only be rendered by general practitioners and family doctors. The aim of establishing a separate fee pool for general practitioners and family doctors in future is to avoid the dynamic development in technical services being to the detriment of the fees of general practitioners and family doctors.

As a measure for safeguarding the involvement and the rights of co-determination of general practitioners and family doctors in the bodies of the medical associations, there are plans to introduce proportional representation as part of the Health Reform 2000, in order to improve the protection of minorities. The hope associated with this step is that the number of seats held by general practitioners and family doctors in the decision-making bodies of self-government will in future reflect their actual numbers.

In order to test forms of primary medical care in the statutory health insurance system as well, the health insurance funds give the possibility of reducing the contributions for those insureds who always go to their general practitioner or family doctor. In his gate-keeper function first, before calling on the services of a specialist- This gives the statutory health insurance funds the option of offering general practitioner and family doctor tariffs, a practice that is already common in private health insurance. Contrary to the demands of the Professional Association of General Practitioners and Family Doctors in Germany (BDA) and the Scientific Society for General Practice and Family Medicine (DEGAM), the health insurance funds were not compelled to offer an insurance tariff of this kind. Although patient surveys indicate that there is a willingness among the general public to choose general practitioner/family doctor tariffs, there are grounds for fearing that an offer of this kind will hardly be introduced. In view of the current competition among the health insurance funds. All in all, in its present form, the bill must be regarded as a rather hesitant attempt to steer the health system in Germany in the direction of a form that is more oriented to primary medical care.

#### **Summary:**

The Health Reform of the Red-Green Government, which is to enter into force on 01.01.2000, has encountered broad-based opposition among the medical professions. The strict limitation of expenditures in the health system, which applies to all service sectors, is generally regarded as being insufficient to reflect the developments in medicine and morbidity. The fragmentation of the contract landscape, which will become possible as a result of the abolition of the contracting monopoly of the Regional Associations of SHI-Accredited Physicians, will result in a general marked decline in the remuneration for medical services. All in all, the reform is characterised by deep mistrust in the self-regulating competence of Germany's self-governed health system- In addition to the fixed expenditures on health care services, the reform also introduces extensive possibilities for the health insurance funds to examine the cost-effectiveness of doctors. Costs in the drug sector are to be curbed with the aid of drug budgets that are to be geared to the spending in the regions with the lowest drug expenditure, and by introducing a "positive list".

The measures described -which have led to mass demonstrations by doctors and members of other medical professions against the policy of the Federal Government in Germany - are also rejected by general practitioners and family doctors. However, differentiated assessments are necessary when it comes to the measures designed to promote the provision of medical services by general practitioners and family doctors. It is recognised in this context that the Government has at least made an attempt to introduce improvements in relation to a number of points that are particularly critical for general practitioners and family doctors. However, it is very doubtful whether it will be possible to enforce the reform as a whole against the massive resistance of the service providers involved and, more importantly, against the resistance of the Federal Lander, which are blocking reforms in the field of in-patient care, in particular.

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