



BUNDESVERBAND

# THE AOK

## AND THE GERMAN HEALTHCARE SYSTEM

- HEALTH
- QUALITY
- SOLIDARITY

# Universal Coverage

## THE GERMAN HEALTHCARE SYSTEM

The German healthcare system has an excellent international reputation because it provides comprehensive insurance coverage and a broad array of health benefits. Health services are mostly prepaid through regular contributions and cover most inpatient and outpatient services, including maternity and preventive care.

**INSURANCE FOR EVERYBODY.** Health insurance forms one pillar of the social safety net and is compulsory for everyone living in Germany. Employees earning under a certain amount of income are required to obtain statutory health insurance (SHI) while those with higher incomes have the option to leave the public system and take out private health insurance. This currently applies to one in ten people.

Germany has a multiple-payer universal care system in which SHI plays a predominant role because it covers the vast majority of the population.

The German system is principally based on the Bismarckian model of social health insurance: citizens must contribute a percentage of their gross wage to social security. The contribution rate is currently (as of 2012) set at 15.5 percent; employers pay 7.3 percent and employees 8.2 percent of their salaries into SHI.

In case of medical need, all beneficiaries covered by SHI are entitled to the same comprehensive benefits package. Entitlement is equal for everybody and independent of the contributions paid. The combination of income-related contributions and needs-driven

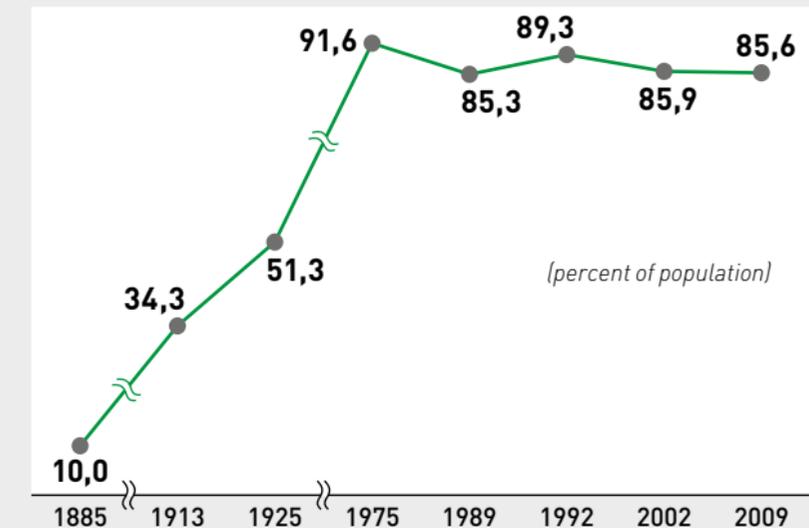
access highlights the principle of solidarity: the wealthier pay for less well-off citizens, the younger for the elderly, singles for families, and often, men for women.

**NON-GOVERNMENTAL AND NOT-FOR-PROFIT.** The SHI system is provided by about 120 (as of June 2012) independent public health insurance providers competing with each other, including eleven regional AOK funds. AOK is the largest German SHI fund, covering about 24 million people or 30 percent of the total population.

Health insurance providers in Germany are non-governmental and not-for-profit public sector bodies regulated by public law. SHI funds are neither owned nor run by the state. They are self-governed, self-regulated and largely independent of the Government and the Ministry of Health. The role of Federal and State Governments is restricted to one of regulation and supervision.

Germany's healthcare sector is a model of a decentralised corporatist system. Corporatism means that the state delegates powers

Population coverage by statutory health insurance



Implementing statutory health insurance in Germany was a long process. It took 40 years to cover just 51 percent of the population.

and decision-making competences to non-governmental public bodies. SHI funds and provider organisations such as office-based

# Services Free of Charge

SHI physicians' and dentists' associations or hospital federations are major players. Self-governed "corporatist" institutions have the duty and power to determine benefits, prices and standards.

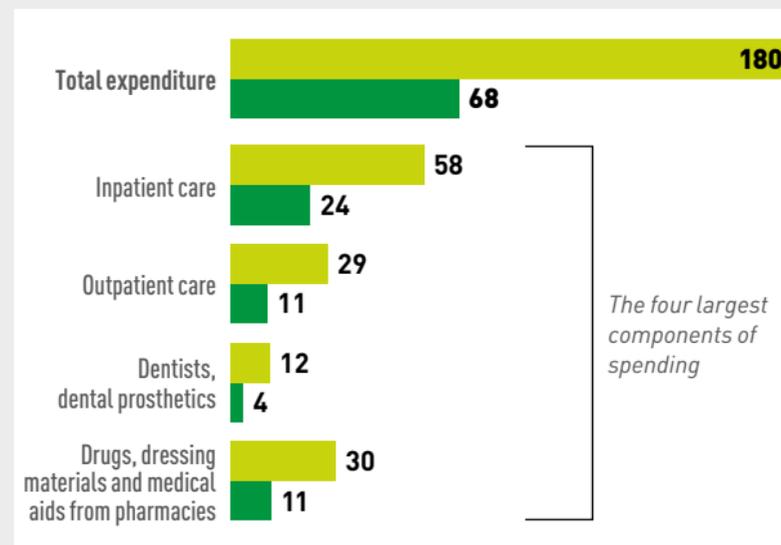
**THE FEDERAL JOINT COMMISSION (GBA)** is the most important non-governmental body in the German health system. Thirteen voting members – five from the Federal Association of Statutory Health Insurance Providers, five from the providers' organisations and three neutral members – decide upon the benefit package and quality of care. GBA decisions are backed by analyses provided by the Institute for Quality and Efficiency (IQWiG) and the Institute for Applied Improvement and Research in Health Care (AQUA).

**SERVICES ARE FREE OF CHARGE.** Everybody residing in Germany is obliged to take out health insurance. Earners in the higher income bracket, freelancers and civil servants can opt out of the public system and buy full-cover private health insurance. Most people living in Germany can choose between the various SHI funds. Registration of salaried workers and their dependents is done by the employer; all other citizens have to apply to a branch of the preferred fund. Entitlement to health benefits is dependent on registration and regular contribution payment. Services are provided free of charge at the point of service except for some minor co-payments. Beneficiaries of SHI have to pay ten euros per trimester out of pocket for outpatient care, a five to ten euros prescription fee and varying amounts for other therapies and medical appliances.

## SPENDING ON HEALTH IN 2011

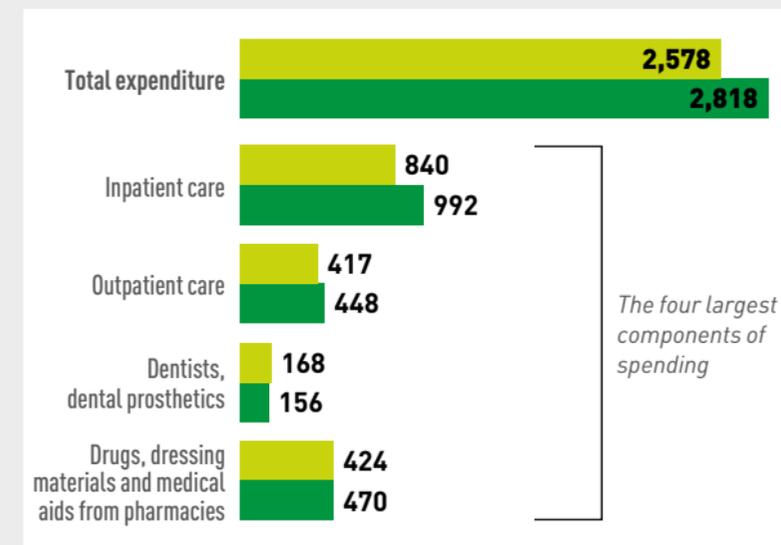
SHI AOK

Total expenditure SHI/AOK (billion euros)\*



\*The numbers above have been rounded to the nearest whole billion.

Average expenditure per insuree SHI/AOK (euros)



source: KJ1 Federal Ministry of Health, as of July 2012

## THE AOK SYSTEM: A STRONG COMMUNITY

### CLIENT-ORIENTATED SOCIAL HEALTH PROTECTION.

AOK has a long history of implementing and safeguarding social health protection. For almost 130 years, AOK has been guaranteeing access to comprehensive high-quality medical care for its clients and their dependents. In order to provide social health protection to more than 24 million people all over the country, Germany's largest statutory health insurance (SHI) institution relies on more than 54,000 qualified employees based in over 1,200 offices. Its decentralised presence and client-orientated services ensure that beneficiaries can claim all the benefits they require. Procedures are quick, competent and convenient.

### PROFESSIONAL HEALTH CARE MANAGEMENT.

AOK does not only offer health insurance coverage, it

also works hard on continuously improving services and providing its beneficiaries with better and more effective healthcare. For instance, AOK offers developed structured treatment programmes for people with chronic diseases. Beneficiaries who become part of AOK's disease management programmes benefit from scientific monitoring and an integrated quality management system. This prevents unnecessary deterioration of their health conditions and ensures the constant improvement of treatments.

### INTEGRATED, NOT DISCONNECTED.

In addition, AOK is setting standards in other areas of the German healthcare system. The integrated-care model is part of this advance: better coordination of fragmented levels of care in doctors' offices, hospitals, nur-

sing homes or rehabilitation centres makes healthcare more efficient. It prevents duplicated patient services, improves health outcomes and helps to reduce expenditure. This results in better healthcare at an affordable price for AOK beneficiaries.

### MORE THAN JUST HEALTH INSURANCE.

Aside from running Germany's largest SHI fund and providing reliable and sustainable social protection to clients and beneficiaries, AOK also has subsidiary companies addressing the needs of other stakeholders in the healthcare system.

### ALL AOKS UNDER ONE BANNER.

The Federal Association of the AOK (AOK-Bundesverband) is the political umbrella organisation of the AOK group. The ele-

ven independent regional AOKs are united under this banner. All strategic decisions regarding the direction of the AOK system are taken in partnership with these AOKs within the context of the Federal Association.

### REPRESENTING THE INTERESTS OF THE AOKS.

The Federal Association's main task is to represent the interests of the AOK system vis-à-vis political decision-makers, the National Association of Statutory Health Insurance Funds, and AOK's contractual partners. It lobbies for greater competition and quality in the healthcare sector. The Federal Association also acts as a point of contact for health insurance fund contractors. On behalf of the AOK system, it helps draft exclusive contracts with general practitioners,



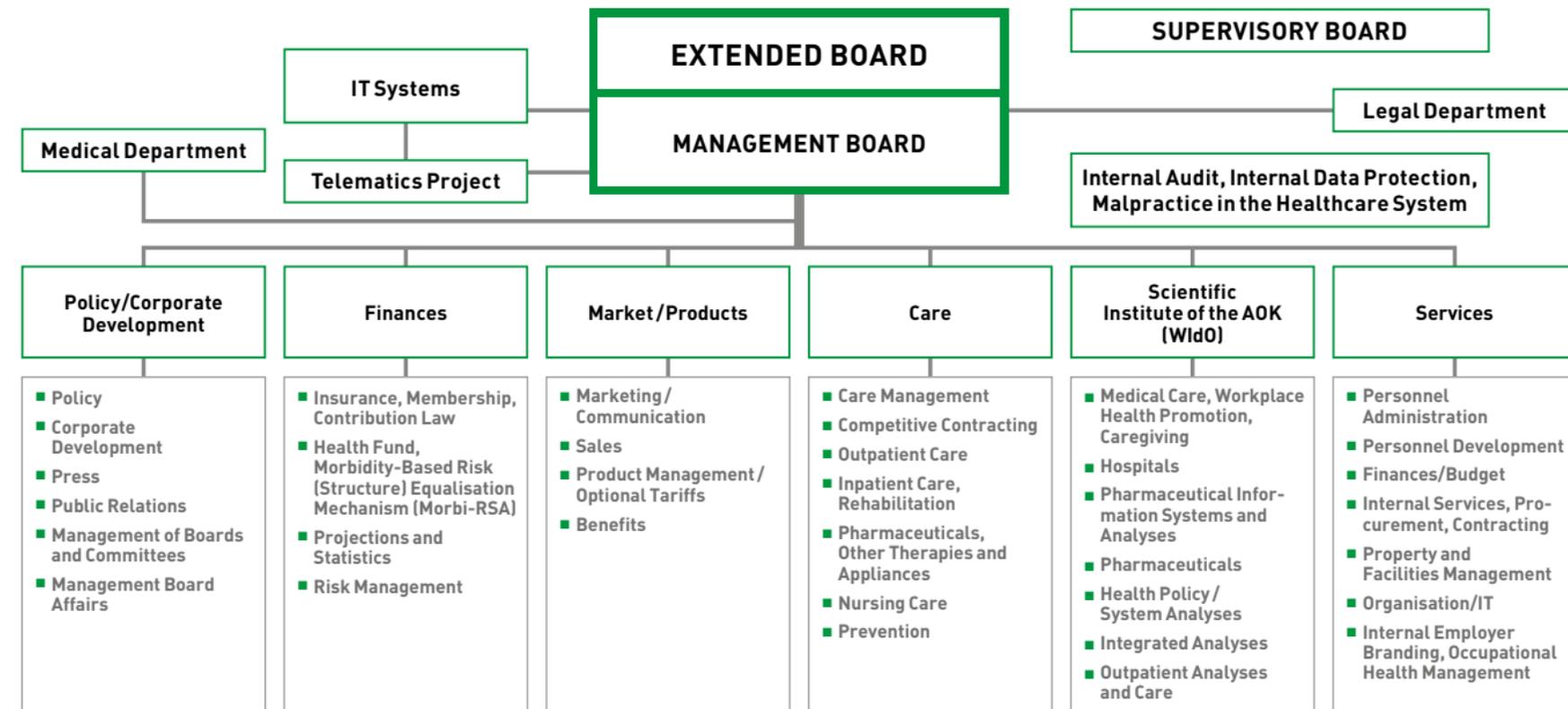
pharmaceutical companies, and other service providers in the health sector.

**SCIENTIFIC RESEARCH INSTITUTE.** Since 1976, the AOK system has been running its own research institute, the WIdO. The WIdO provides AOK and others with systematic scientific analysis based on extensive and reliable data on healthcare provision and quality of care. WIdO's research is the basis of AOK's planning and steering for optimising health insurance services. Moreover, evidence produced by WIdO is acknowledged as a credible source of information by the entire German healthcare system. Special research fields of expertise include the pharmaceuticals and hospitals sectors.

**EXPERT CONSULTATION.** AOK-Consult GmbH is AOK's in-house management consultancy. In addition to advising on activities within Germany, it also arranges expert consultation for healthcare systems and offers advice to political decision-makers, health insurance funds and health insurance projects all over the world.

**AOK SYSTEMS.** The continuous need for tailor-made IT solutions led AOK to set up its own data and software house. AOK Systems develops SAP-based, customised IT products for AOK and other SHI funds. AOK Systems offers a broad range of services from IT advice and implementation to training and specialised support services.

## THE FEDERAL ASSOCIATION OF AOK



35%  
Market Share

## AOK POLICY POSITIONS: QUALITY AND COMPETITION

AOK advocates sustainable health policy in line with the following key principles:

- **STATUTORY HEALTH INSURANCE (SHI)** provided through self-governed health insurance providers with equal representation of employees and employers has been a successful model for almost 130 years. Employee and employer representatives should continue to have a say on the further development of AOK.
- **THE PRINCIPLE OF SOLIDARITY** is the very foundation of SHI. All beneficiaries are entitled to the same benefits, regardless of their income, marital status or – most importantly – individual risk of ill health.
- **STATUTORY HEALTH INSURANCE FUNDS** play a strong role in managing a quality-focused and efficient system of health care provision based on social justice.
- **MORE COMPETITIVE ARRANGEMENTS** are necessary in the German healthcare system. Competition between inpatient and outpatient service providers has the potential to raise the efficiency and quality of medical care.
- **EVIDENCE-BASED MEDICINE** is very important for good healthcare. Therefore, AOK will continue to invest in innovative care packages such as those tailored for the needs of the chronically ill.

## FACTS AND FIGURES

- AOK insures more than **24 million** people all over Germany.
- AOK's market share is currently **35 percent**.

- Total AOK expenditure is about **68 billion** euros per year.

- AOK is comprised of **11 independent regional AOKs**.

- AOK employs more than **54,000** staff in over **1,200** offices.



## AOK SELF-GOVERNANCE: DEMOCRACY IN ACTION

**SELF-GOVERNANCE MEANS MORE FLEXIBILITY.** Statutory health insurance (SHI) is provided by autonomous, self-governed and self-regulated bodies. Although they are regulated by public laws and statutes, AOK and other SHI funds are neither state-run nor government institutions. The principle of German corporatism is simple: the state delegates sovereign tasks to para-statal bodies. In healthcare, SHI funds are entrusted with core tasks of financing and provision. Being subject to legal supervision by competent authorities, they are responsible for managing their tasks within their scope of duties. The underlying reason is that self-governed organisations are more flexible than the state in reacting to changing needs and challenges. Moreover, governments are prevented from gaining direct control and access to

health insurance resources collected from compulsory contributions.

**STAKEHOLDERS HAVE A VOICE.** Every six years, clients of SHI funds are called on to elect the Administrative Board of their respective health insurance funds. The Board is made up equally of employers and clients. This arrangement is due to the fact that both parties share the financing of SHI on roughly equal terms. Administrative Boards are accountable for the funds' budget and policy and also elect and supervise the Management Board. In the case of AOK, each of the eleven AOK funds delegates one board member to represent clients and one board member to represent employers, respectively, and these delegates form the Supervisory Board of the Federal Association.

## HISTORY OF AOK: 130 YEARS OF HEALTH INSURANCE

AOK has a long history which is closely linked to the rise of social health insurance in Germany. The starting point was the Imperial Insurance Code brought in by Chancellor Bismarck in 1883. In the same year, the first local health funds emerged as health insurance providers for blue collar workers. Community-based health insurance funds requiring citizens to register and employers to contribute were predecessors of AOK funds. Statutory health insurance in Germany started small but the number of clients grew over time, as did the scope of services provided.

During the Nazi regime, the state took over healthcare financing and provision. After World War II, the local AOK funds were regrouped in the Union of Local Health Insurance Fund Associations. In 1987, the Federal Association of the AOK emerged as the umbrella organisation of AOK. After reunification in 1990, AOK has set up regional AOK funds in the five new federal states.

**1881** The "Imperial Insurance Code" by Emperor Wilhelm I marks birth of German social insurance.

**1883** The "Law on Health Insurance for Workers" is passed by German Parliament.

**1894** "Central Association of Local Health Funds in the German Empire" founded in Leipzig.

**1934** Self-governance abolished, all health insurance funds subordinated to state control.

**1951** Reintroduction of self-governance in the German social insurance system.

**1990** AOK expands to new federal states after German reunification.

*Emperor Wilhelm I signed the Imperial Insurance Code on 17 November 1881.*

**1996** Implementation of competition in the German statutory health insurance system.



## AOK FOR STUDENTS

Under German law, all student are required to have health insurance and all colleges and universities require an insurance certificate for registration.

Students who are 24 years old or younger can be covered free of charge under a parent's insurance policy, provided they are registered with a German statutory health insurance (SHI) fund and their regular monthly income is less than 375 euros. Students who are 25 years old and older, or whose regular monthly income exceeds 375 euros, are required to register with AOK, or any other SHI fund, which offers

a student health insurance policy for 64.77 euros per month. An additional 11.64 euros (13.13 euros for students who are 23 years old and older and have no children) is payable for statutory long-term care insurance. Students holding a European Health Insurance Card (EHIC) must present the card to a local AOK office in order to be covered.

Further information is available at [www.aok-on.de/foreign-students](http://www.aok-on.de/foreign-students) or at the International Office (Akademisches Auslandsamt) of every German university.

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For the addresses of the 11 AOKs please visit:

→ [www.aok-bv.de/aok/aoks/](http://www.aok-bv.de/aok/aoks/)

For more information about AOK please visit:

→ [www.aok-bv.de/aok/english/](http://www.aok-bv.de/aok/english/)

For more information about German social insurance please visit:

→ [www.social-insurance.de](http://www.social-insurance.de)

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**We provide expert  
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