



BUNDESVERBAND

# THE AOK

AND THE GERMAN  
HEALTH CARE SYSTEM

## HISTORY OF AOK: 130 YEARS OF HEALTH INSURANCE

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The German system of social security essentially goes back to the 1880s when under the then Chancellor of the German Empire, Otto von Bismarck, legislation on the introduction of health, accident and, later, pension insurance was passed. The starting point was the Imperial Insurance Code brought in by Bismarck in 1883. In the same year, the first local health funds emerged as health insurance providers for blue collar workers. Community-based local health insurance funds requiring citizens to register and employers to contribute were predecessors of the AOK funds. Statutory health insurance in Germany started out small but the number of insured citizens grew steadily over time, as did the scope of services provided.

**STABILITY IN TURBULENT TIMES.** The first 30 years of the 20th century were marked by a succession of conflicts between doctors and their professional organisations on the one hand and health insurance

funds such as the AOK on the other. In the early 1930s, legislation was passed giving self-employed doctors the exclusive right to treat patients against payment by health insurance funds. In return, doctors had to give up any right to go on strike. Thus, industrial peace in the health sector was decreed from above. During the Nazi regime, the state took over healthcare financing and provision.

After World War II, in Western Germany the local AOK funds were regrouped in the Union of Local Health Insurance Fund Associations, while in Eastern Germany the state organised the social system including healthcare provision. In 1987, the Federal Association of the AOK emerged as the umbrella organisation of AOK. After reunification in 1990, AOK set up regional AOK funds in the five newly acceded Eastern federal states.

## DEMOCRACY IN ACTION: SELF-GOVERNANCE

- 1881** The "Imperial Message" by Emperor Wilhelm I marks the birth of the German social insurance system
- 1883** The "Law on Health Insurance for Workers" is passed by the German Parliament
- 1894** "Central Association of Local Health Funds in the German Empire" founded in Leipzig
- 1933** Self-governance abolished, all health insurance funds subjected to state control
- 1951** Reintroduction of self-governance in the German social insurance system
- 1990** AOK expands to new federal states after German reunification
- 1994** Introduction of Risk Structure Equalisation Mechanism
- 1996** Introduction of competition in the German statutory health insurance system
- 2009** Introduction of Health Fund and Morbidity-Based Risk Structure Equalisation Mechanism



Emperor Wilhelm I signed the "Imperial Message" on 17 November 1881.

**SELF-GOVERNANCE MEANS MORE FLEXIBILITY.** Statutory health insurance (SHI) is provided by autonomous, self-governed and self-regulated bodies. Although they are subject to public laws and statutes, AOK and other SHI funds are neither state-run nor government institutions. The principle of German corporatism is simple: based on the socio-political principle of subsidiarity, the state delegates tasks to para-statal bodies. In healthcare, SHI funds are entrusted with the core tasks of financing and provision. Being subject to legal supervision by the relevant 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.

## THE GERMAN HEALTHCARE SYSTEM

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**INSURANCE FOR EVERYBODY.** The German healthcare system has a high international reputation because it provides comprehensive insurance coverage and a broad range of health benefits. Health services are mostly prepaid through regular contributions and cover most inpatient and outpatient services, including maternity and preventive care. Statutory Health Insurance (SHI), founded in 1883, was the first cornerstone of Germany's social security system, to be followed by Statutory Accident Insurance (1884), Statutory Pension Insurance (1889), Statutory Unemployment Insurance (1927) and, in 1994, Statutory Longterm Care Provision.

By law, everyone living in Germany has to have health insurance, be it under the statutory system or in the private sector. Employees with earnings below a certain level of income are compulsory members of a SHI fund, while public servants, self-employed and those with an income

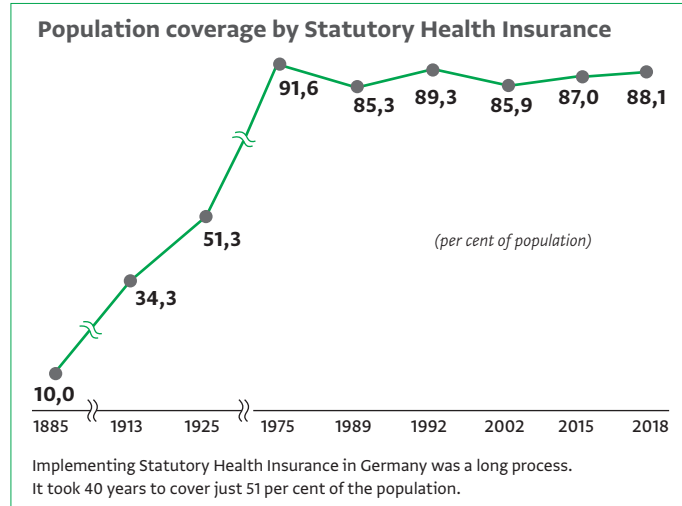
above that threshold have the option to leave the public system and take out private health insurance. This currently applies to some ten per cent of the population. The vast majority, though, are covered by the statutory system.

The German system of healthcare is financed by monthly contributions shared roughly equally by employers and employees. The general contribution, set at 14.6 per cent since 2009 but subject to annual revision by Federal Parliament, is divided equally. Since 2015, employees pay a premium on top of their 7.3 per cent. This is also income-related, but determined by their individual healthcare fund. The average premium in 2020 amounts to 1.1 per cent.

All members of an SHI fund are entitled to the same comprehensive medical and dental benefits irrespective of the absolute amount of contri-

butions they pay. This combination of income-related contributions and needs-driven access to medical provision is the embodiment of the principle of solidarity: the wealthier pay for less well-off citizens, the younger for the elderly, singles for families.

**NON-GOVERNMENTAL AND NOT-FOR-PROFIT.** Germany's healthcare sector is modelled on a decentralised corporatist system. Corporatism means that the state delegates powers and decision-making competences to non-governmental public bodies. SHI funds and contracted provider organisations such as hospital federations, SHI physicians' and dentists' associations are major players. Self-governed corporatist institutions have the duty and the power to determine benefits, prices and standards. The common platform for this is the Federal Joint Commission.



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Health insurance providers in Germany are non-governmental and not-for-profit public sector bodies subject to public law. SHI funds are neither owned nor run by the state. They are self-governed, self-regulated and largely independent of the Ministry of Health. The role of Federal and State Governments is restricted to one of regulation and legal supervision. The SHI system is provided by 105 (January 2020) independent public health insurance funds competing with each other, including eleven regional AOK funds. AOK is the largest group of SHI funds in Germany, covering more than 27 million people or more than 30 per cent of the total population.

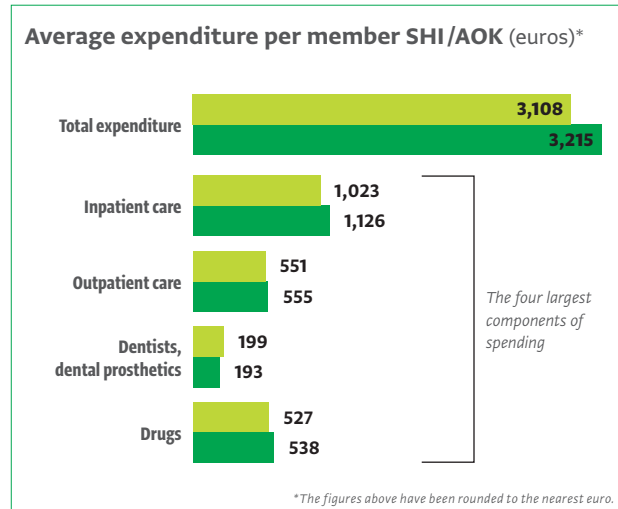
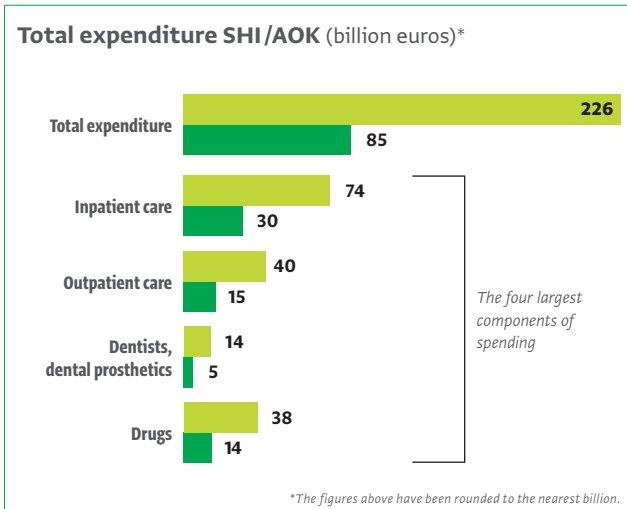
**FEDERAL JOINT COMMISSION (GBA).** In the German health system, this body is the most important para-statal organisation. Thirteen voting members – five from the National Association of Statutory Health Insurance Providers, five from the providers' organisations (doctors, dentists and hospitals), three impartial members and five non-voting members representing

patients – decide upon the benefit package and quality of care. GBA decisions are based on national and international medical studies as well as analyses provided by both the Institute for Quality and Efficiency (IQWiG) and the Institute for Quality Assurance and Transparency in Healthcare (IQTIG).

**MEDICAL SERVICES ARE FREE OF CHARGE.** Most people living in Germany can choose between the various SHI funds. Entitlement to health benefits is dependent on registration with a fund and regular payment of contributions. Medical services are provided free of charge at the point of service except for some minor co-payments. Members of SHI have to pay a fee of five to ten euros for medicaments per item and varying charges for other therapies and medical appliances. In-patients contribute ten euros a day towards their hospital treatment up to a maximum of four weeks or 280 euros. The limit for all co-payments and surcharges is two per cent of a household's gross annual income and one per cent for the chronically ill.

# SPENDING ON HEALTH IN 2018

SHI AOK



source: KJ 1, Destatis, Federal Ministry of Health, 2018

## THE AOK SYSTEM: A STRONG COMMUNITY

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**HEALTH PROTECTION FOCUSED ON PEOPLE.** AOK has a long history of implementing and safeguarding health protection. For more than 130 years, AOK has been guaranteeing access to comprehensive high-quality medical care for its members and their dependents. In order to provide social health protection to more than 27 million people nationwide, Germany's largest "Krankenkasse" relies on more than 61,800 qualified employees based in almost 1,200 branches nationwide. This "grass root" level accessibility, as distinct from a mere internet presence, and the focus on client-oriented services ensure that members can fully utilise all medical services required. Procedures are focussed on members' needs, and they are carried out quickly and competently.

**PROFESSIONAL HEALTH CARE MANAGEMENT.** AOK does not only offer health insurance coverage, it also strives continuously to improve

services and to provide its members with better and more effective healthcare. One case in point is the structured treatment programmes for people with chronic diseases. Members who register with their doctor for one of AOK's disease management programmes benefit from an integrated quality management system. This stabilises their health and ensures that medical procedures are constantly revised and improved in line with international evidence.

**BETTER COORDINATION OF CARE.** In addition, AOK is setting standards in other areas of the German healthcare system. The model of integrated care is part of this strategic initiative aimed at making healthcare progressively more efficient and thus beneficial for the patient: above all, this model stands for better coordination of care in doctors' practices, hospitals, nursing homes and rehabilitation



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centres. It prevents patients being subjected unnecessarily to the same medical tests by different service providers, improves health outcomes and helps to reduce expenditure. The end result is better healthcare for members and considerable savings for health funds.

**ALL AOKS UNDER ONE BANNER.** The Federal Association of the AOK (AOK-Bundesverband) in Berlin is the political umbrella organisation of the AOK group. The eleven economically and organisationally independent regional AOKs are united under this banner. All decisions regarding the strategic policy of the AOK system are taken in partnership with the member AOKs within the context of the Federal Association.

**REPRESENTING COMMON INTERESTS.** 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 (doctors' and dentists' associations, the hospital sector etc).

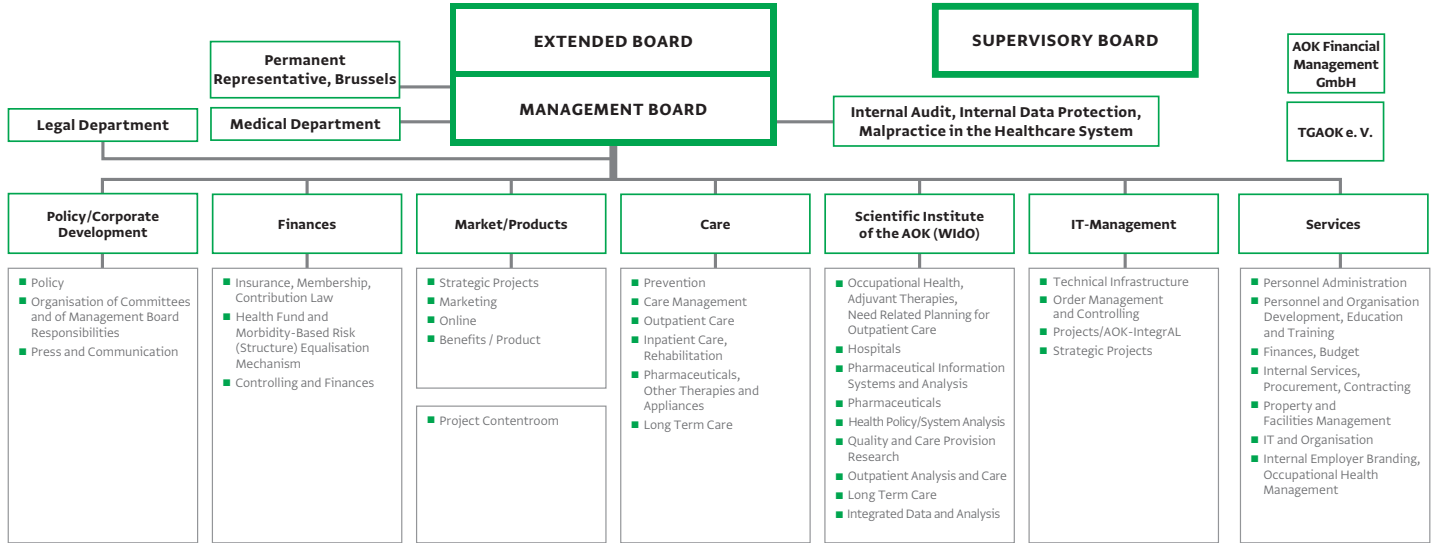
The Federal Association of the AOK advocates greater competition in the healthcare sector and untiringly strives for higher levels of service quality. It also acts as a central point of contact for health insurance fund contractors: on behalf of the AOK system, it helps draft exclusive contracts with general practitioners, pharmaceutical companies and other health service providers.

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**AOK RESEARCH INSTITUTE.** Since 1976, the AOK system has been running its own research institute, the WIdO. The institute provides AOK as well as policy makers, scientists and the public with systematic scientific analysis based on extensive and robust data on healthcare provision and quality of care. WIdO's research is the basis of AOK's planning and management efforts towards optimising health insurance services. Moreover, evidence produced by WIdO is acknowledged as a credible source of information by the entire German health care system. With their research and scientific precision, the WIdO experts ensure greater transparency in German health care. Whether drug expenditure or hospital stays, absenteeism or integrated health care: WIdO's analyses have a high practical benefit.

**AOK INTERNATIONAL CONSULTING.** This dedicated department uses the knowledge of the AOK with its 61,800 qualified employees and comprehensive experience in all questions on social health insurance. It provides highly experienced advisers for numerous healthcare projects abroad – at current count, more than 40 countries worldwide have invited AOK experts mainly on short-term consultancy missions to support their own project staff. The scope of activities comprises, to name but a few, the organisation of seminars and study tours on fundamental aspects of health care systems and management, providing expertise on health policy matters and setting up and implementing systemic framework conditions. The knowledge of the AOK covers almost all issues on health care systems.

# THE FEDERAL ASSOCIATION OF THE AOK



## QUALITY AND COMPETITION

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

- **STATUTORY HEALTH INSURANCE** provided through self-governed health insurance funds with equal representation of employees and employers has been a successful model for over 130 years. Representatives of both parties should continue to have a say on the further development of AOK and on all matters of healthcare policy.
- **THE PRINCIPLE OF SOLIDARITY** is the very foundation of social health insurance in Germany. All members are entitled to the same benefits, regardless of their income, marital status or, most importantly, of their individual health status.
- **STATUTORY HEALTH INSURANCE FUNDS** play a strong role in managing a quality-focused and efficient system of health care provision based on social justice and equality.
- **MORE COMPETITION** is needed 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** should always be the basis of a sound, rational and equitable healthcare system. Therefore, AOK will continue to invest in innovative care packages such as those tailored to the needs of the chronically ill.

## FACTS AND FIGURES

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**27** AOK insures more than 27 million people all over Germany.

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**37** AOK's current market share is around 37 per cent.

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**85** Total AOK expenditure is over 85 billion euros per year.

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

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**1,189** AOK employs almost 61,800 staff in almost 1,200 offices.

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## AOK FOR IMMIGRANTS

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**INFORMATION FOR IMMIGRANTS.** In order to help immigrants to orientate themselves in Germany, AOK has developed the information platform *en.zuwanderer.aok.de*. Here, the German healthcare system and its main players as well as the most important medical benefits are explained in German, English, French, Italian, Spanish, Portuguese, Slovenian, Polish, Czech, Romanian, Croatian, Greek, Hungarian, Bulgarian, Turkish, Russian, Japanese and Chinese.

Many immigrants come to Germany with the aim of taking up a new job - altogether not an easy task when having to learn the language and getting accustomed to a whole new environment at the same time as looking for employment. For many German companies, too, employing foreign labour means stepping onto uncharted territory. Having always had a close relationship with employers in all sectors of the German

economy, AOK has expended their Entrepreneur Service department in order to assist businesses thinking of employing foreign staff. The website *www.aok.de/arbeitgeber* contains a wealth of information on immigration, such as a glossary with the most important terms and concepts. Also, potential employers will find a lot of information on the pertinent legal provisions and on how training qualifications gained in another country can be recognized in Germany. On top, AOK offers interested firms checklists and information leaflets giving them a concise and quick overview of the documents which are needed to fill a vacancy with a foreign applicant.

## ADDRESSES AND LINKS

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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 on health insurance  
in Germany please visit:

→ [en.zuwanderer.aok.de](http://en.zuwanderer.aok.de)



#### IMPRINT

**Publisher:** The Federal Association of the AOK, Berlin | **Conception and editing:** KomPart Verlagsgesellschaft GmbH & Co. KG, Berlin

**Text:** Klaus Altmann, Jens Holst | **Graphics:** Sybilla Weidinger (KomPart) | **Photo:** Bernd Jonas

**Printing:** Richter Druck- und Mediacenter GmbH & Co. KG, Elkenroth | **Published:** June 2020