



# **Long Term Care Financing in Germany: Cheap and Comfortable like a VW, yes and no**

**AWBZ Congres,  
Achmea Conference Centre, Zeist,  
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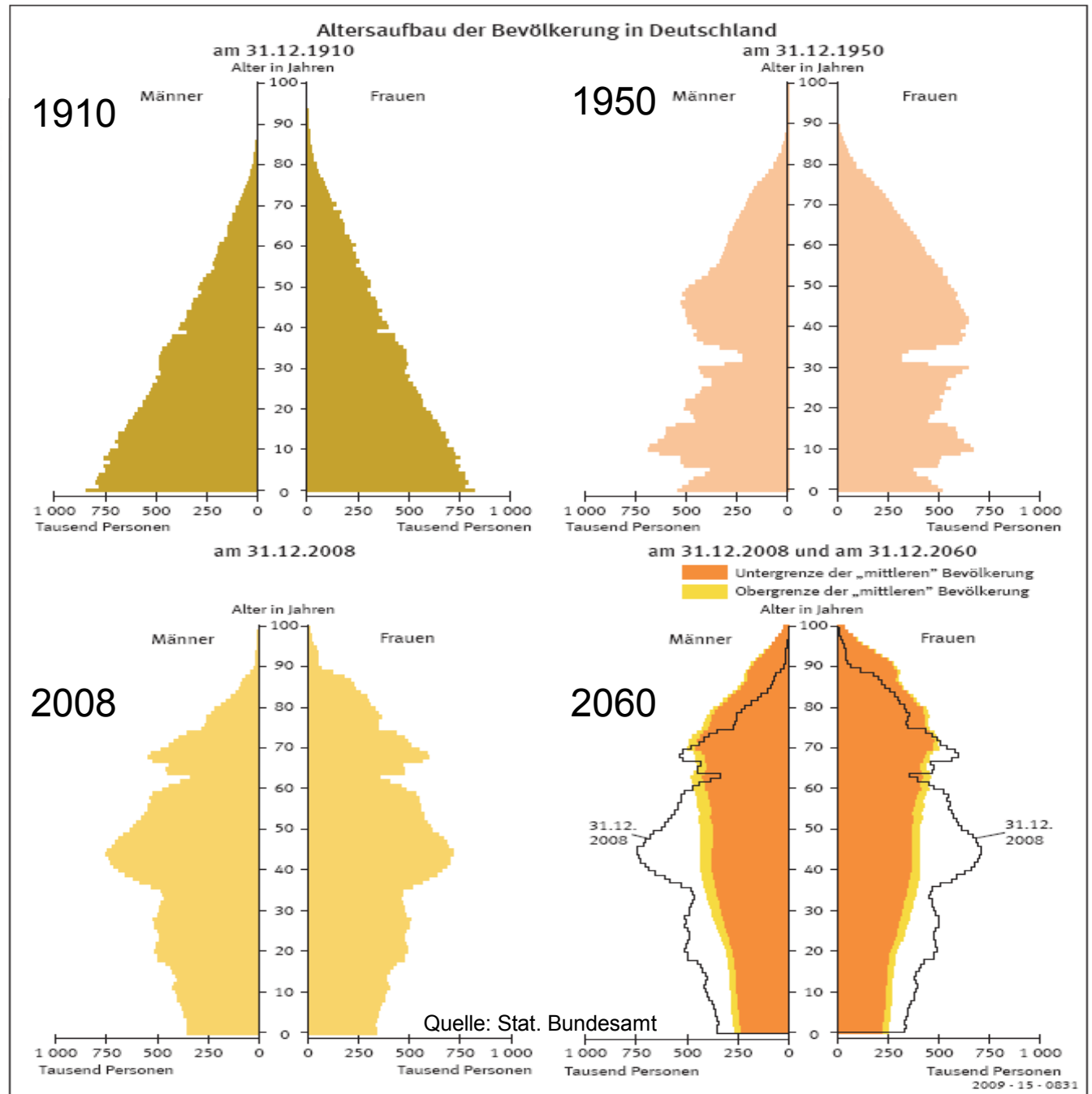
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Federal Ministry  
of Health

# Demographic Structure in Germany

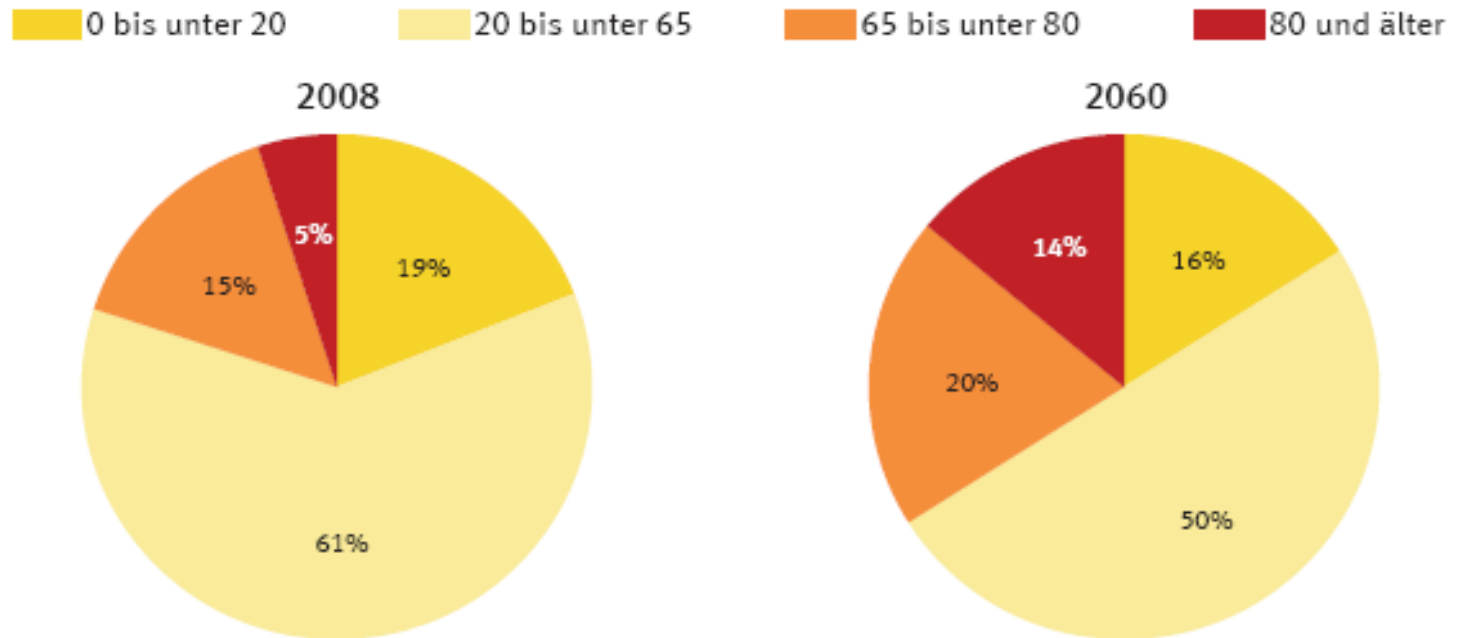
## Development 1910 - 2060





# Population - Age Groups 2008 / 2060

Bevölkerung nach Altersgruppen



12. koordinierte Bevölkerungsvorausberechnung,  
Untergrenze der "mittleren" Bevölkerung



## People in need of care 2020-2050

### Future development of number of people in need of care

- **2020 2,78 Mio.**
- **2030 3,20 Mio.**
- **2040 3,61 Mio.**
- **2050 4,21 Mio.**



## Age Groups and Care Needs

### **Risk of being in need of care:**

- before the age of 60: ca. 0,5 %**
- between age 65 and 70: ca. 2,8 %**
- between age 85 and 90: ca. 38,0 %**

In 2008 ca. 4 Mio. people over 80 (5% of pop.); in 2050 more than 10 Mio. people over 80 (13, 5% of pop.).



# The Need for Action

## → Demographic Change

- ◆ Rise in Life expectancy
- ◆ Low birth rates

## → Consequences

- ◆ Number of people in need of long-term care rises
- ◆ Number of people with dementia rises
- ◆ More carers are needed



# Long Term Care Insurance since 1994

## Basic features

- ◆ Nationwide compulsory contributory system  
contrib. rate: 2.05% of gross income;  
0.25% surcharge for childless insured  
employees / employers each pay half
- ◆ Organized by LTC insurance funds & private insurance companies  
(following health insurance system)
- ◆ Solidarity and subsidiarity
- ◆ Out-patient care before in-patient care
- ◆ Self-determination and participation



# Long Term Care Insurance - scope

2.5 million persons in need of care

- ◆ Persons in need: physical, psychological, mental handicaps, need help to carry out daily and recurring activities of everyday life over a period of at least 6 months.
- ◆ Relevant needs: personal care, nutrition, mobility, housekeeping.
- ◆ Assessment to identify level of care needed.
- ◆ 3 care levels; benefits do not depend on income.
- ◆ Benefits staggered according to degree of care needs.





# Provision for People in Need of Care

## Eckdaten der Pflegestatistik 2011

### Pflegebedürftige 2011 nach Versorgungsart

2,5 Millionen Pflegebedürftige insgesamt

zu Hause versorgt  
1,76 Millionen (70 %)

in Heimen vollstationär versorgt:  
743 000 (30 %)

durch Angehörige:  
1,18 Millionen  
Pflegebedürftige

zusammen mit/  
durch ambulante  
Pflegedienste:  
576 000  
Pflegebedürftige

durch  
12 300 ambulante  
Pflegedienste mit  
291 000 Beschäftigten

in  
12 400 Pflegeheimen<sup>1</sup>  
mit  
661 000 Beschäftigten

<sup>1</sup> Einschl. teilstationäre Pflegeheime.



# Long Term Care Insurance - Benefits

Benefits *in cash* for home care, benefits *in kind* for home care services, semi-inpatient care, in-patient care

- ◆ 743 000 persons in more than 12 000 residential care homes; more than 50 % persons with dementia.
- ◆ Home Care (1.76 Mio. persons):  
family care / informal caregivers (67%) and  
12300 care services (33%).



# LTC ins. benefits 2002-2012

## Expenditure on benefits of the Social LTCI in billion Euro

	Home care	Institutional care	total
2002	8,3	8,2	16,5
2003	8,2	8,4	16,6
2004	8,2	8,6	16,8
2005	8,2	8,7	16,9
2006	8,2	8,9	17,1
2007	8,4	9,1	17,4
2008	8,9	9,3	18,2
2009	9,6	9,8	19,3
2010	10,2	10,3	20,4
2011	10,4	10,5	20,9
2012	11,1	10,8	21,9



# LTC Expenditure sources 2011

## Sources of expenditure for long term care in 2011

<i>Source</i>	<i>bn €</i>	<i>as % of public / priv. expenditure</i>	<i>as % of all expenditure</i>
<b>Public expenditure</b>	<b>25,95</b>	<b>100</b>	<b>61,9</b>
Social LTC Insurance	21,92	84,5	52,3
Priv. LTC Insurance	0,72	2,8	1,7
Social assistance	3,10	11,9	7,4
War victim assistance*)	0,21	0,8	0,5
<b>Private expenditure**</b>	<b>15,97</b>	<b>100</b>	<b>38,1</b>
Nursing homes	10,76	67,4	25,7
Home care	5,21	32,6	12,4
<b>Total</b>	<b>41,92</b>	<b>---</b>	<b>100</b>

\*) average 2010 / 2012.

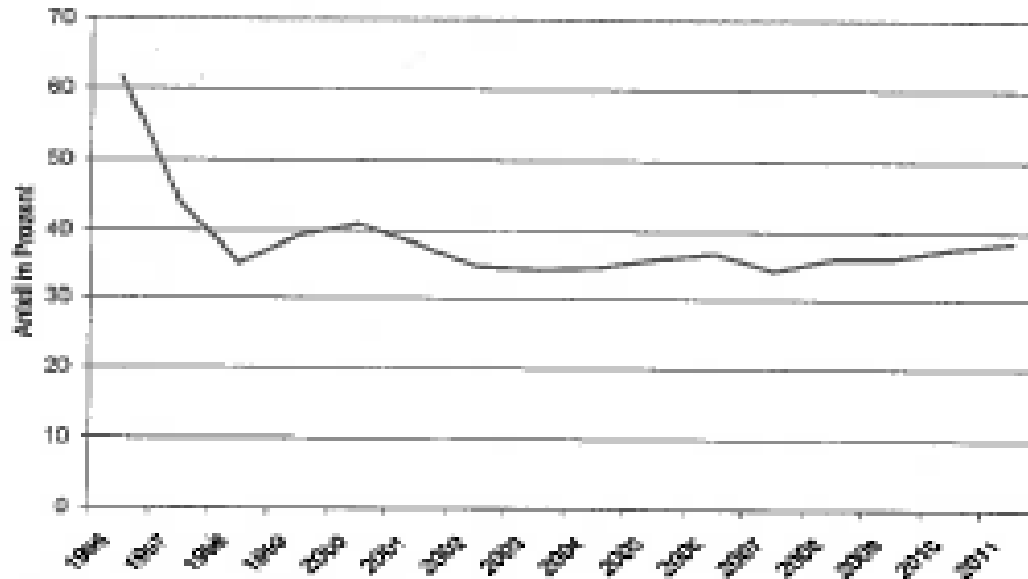
\*\*) estimates

Source: Rothgang / Müller / Unger: BARMER GEK Pflegereport 2013, November 2013



# Receivers of additional social assistance in care homes 1994-2011

Abbildung 31: Anteil der Empfänger von Hilfe zur Pflege in stationären Einrichtungen an Pflegebedürftigen in stationären Einrichtungen insgesamt



Quelle: Tabelle 7 und Tabelle 27.



## **New Developments – Reform Law 2012**

- ➔ **LTC insurance benefits and care services must be stronger directed to people with dementia**
- ➔ **Care services should be organized more flexible**
- ➔ **Relatives need more support**
- ➔ **Insurance Funds and Medical Services should offer better service**
- ➔ **Less bureaucracy in LTC**
- ➔ **sustainable financial stability**
- ➔ **More private providence**



## Reform Plans of the new Government

### → First step (2014):

- **Rising of contributions (+ 0,3%) and benefits („dynamisation“);**
- **More diversity: social care; respite care; home conversion grants etc.**
- **total cost ca. 2.4 bn €**
  
- **Introducing the LTC precaution fund (ca. 1.2 bn € p.a.)**



# Reform Plans of the new Government

## Second step (2015):

- **A new method of assessment with better response to needs of care of people with dementia**
- **adapting structure and levels of benefit**
- **total cost ca. 2.4 bn € (contrib. rise +0,2%)**
- **rehabilitation and coordination of services and providers**
- **quality assurance (outcome orientation)**





Thank you for listening.

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