

Report from Bonn by Jutta Dinkermann and Rainer Apel

Managed health care grows in Germany

The budget-cutters view the health care budget as an "untapped" monetary reserve.

The Bonn government plan for the "third part of the health reform," is expected to start on Jan. 1, 1997. Several other "reforms" have already been carried out, but this time, the budgetary attack no longer just aims at cutting here and there. This time, the core of the public health care system as Germany has known it, is in the sights of the budget-cutters.

The substance of the project is to remove the main responsibility for the health care sector, from the shoulders of the public health insurance system. That system is now secured by law, with 90% of the German population contributing to the system through taxes, and being its beneficiaries.

The basic idea behind the system, which was established in Germany 100 years ago, is to ensure that the public's health is not left to the cannibalistic dynamics of the free market. But now, the neo-conservative "reformers," who have studied the "reforms" in the United States and Britain, want to hand the public health sector—with its annual revenue from contributions, of 300 billion deutschemarks (roughly \$190 billion)—over to free market forces.

The state-linked health insurance companies are already more or less bankrupt, which is the case especially because of their falling revenue, which in turn is a result of the generally worsening economic situation in Germany. With more and more unemployed, the number of welfare recipients rising, and individuals' earnings stagnating or even being reduced, the health insurance fund has less money, because

the amount of the insurance contribution (half of which is paid by the employees and the other half by the employers) is proportional to earnings.

In this crisis, in which no economic recovery is in sight, these health insurance funds therefore have to increase their enrollment memberships if they want to maintain their level of health services. But, because, beginning next year, everybody can choose which health insurance fund he or she wants to be a member of, health insurance companies will fight each other in a price-cutting competitive race. If members, therefore, decide to look for an insurance program with low premiums, the result will be that health insurance programs will have to cut services to patients, and payments to doctors, hospitals, and so on.

But, if they increase premiums, in order to maintain the level of service, they are punished by the government, because increases would run against the "spirit of budget-cutting."

Some health insurance companies have warned that they can no longer cover certain services (such as special treatments and long-term rehabilitation programs), if they are unable to increase premiums. At a press conference in Bonn on Oct. 28, the Federal Association of Private Clinics exposed the disastrous effects of budget-cutting measures, such as those passed by the parliament in mid-September for fiscal year 1997.

The cuts of DM 3.2 billion in state support for treatment, rehabilitation programs, and special care for chronically ill patients, will reduce such pro-

grams by 20%, and in some case by even more, said Raimund Freund, chairman of the clinics association. Because many treatments are preventive in nature, cuts in this area are short-sighted, because they now will only burden society with higher expenses later on, when the health sector will be faced with many more seriously ill patients, whose suffering could have been reduced or averted at an earlier stage of treatment.

The immediate effects of the FY 1997 cuts are that clinics are already being forced to impose short-work periods of 15%, because there are fewer patients who will be treated under the budget-cutting regimen. Some 67% of the 1,600 clinics which are members of the association, have reported losses of up to one-third, Freund said. He warned that 170 clinics are faced with the decision to close down their operations in the near future. This implies that 22-25,000 jobs will be lost in this sector in 1997.

Given that the earlier "reforms" have already affected very sensitive areas in health care, the new "reform" may deal the public health system a death blow. This is the intention of neo-conservative ideologues, who have increased their propaganda for the alleged "benefits of a private insurance system." The most extreme ideologues have even recommended that people speculate with their savings on the world's offshore banking markets, in order to "earn" their personal health budget.

That would throw Germany back to the time before the public health system was introduced, 100 years ago: The free market does not care about the poor, the long-term sick, and the unemployed, which means a death sentence for them. The free market is only interested in those who have enough money with which to speculate.