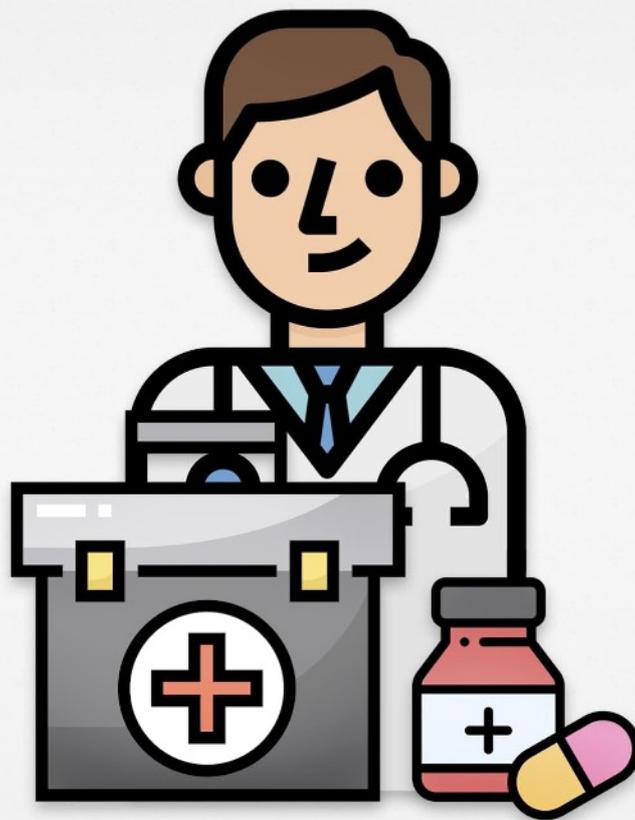


The German Healthcare System:



What Expats Need To Know

The German Healthcare System Explained

Of the myriad of things you will need to deal with during your first weeks in Germany, I found healthcare to be the most confusing back when I was a newcomer. More specifically, figuring out the various options out there and how the **German healthcare system** actually works.

We first give some background behind how the health insurance system differs from that which you are familiar, before getting into the detail. This is written with an international audience in mind but as a native Brit, a lot of the examples and comparisons I refer to inevitably have more of a UK-centric bias to them.

We'll explain the different aspects of the German healthcare system, but specifically, we concentrate on **what is relevant to expats**.

This is not intended to look at healthcare from a political slant, or the history and aims of the healthcare system here in Germany. There are pros and cons to healthcare systems in every country and that would be another article all in itself.

We also cannot provide individual advice in this article because clearly **everybody's circumstances and requirements are different**.



For individual consultations, I am happy to recommend **Mirja and her company KL For Expats**. An English-speaking independent insurance broker based in Cologne, offering consultations nationwide via phone and Skype for expat employees looking for tailor-made comprehensive health insurance plan. Consultations are free and appointments can often be made at short notice. Click on the link

above to visit their site! They are a great and very friendly small team...mention Live Work Germany when you book an appointment :-)

We DO give examples further along in the article but this is purely for illustrational purposes and is based on the average person. In no way is this meant to substitute detailed advice and your own individual research. Whilst it is relatively easy when talking about **bank accounts** to objectively to say that Bank X provides a better product than Bank Y, it is impossible to make this distinction for healthcare.

So, read on, and at the end of the article you will have a clear grasp of:

- The major differences in the German healthcare system vs. healthcare in the US and the UK
- Eligibility to take out private health insurance
- What does insurance typically cover?
- Employer and Individual contributions
- Examples where private health insurance **may** be advantageous
- Why international travel or expat health insurance plans are not accepted
- Common watch-outs and pitfalls
- Switching from public to private, and vice versa
- A brief summary of positives and negatives of the German system



NOTE:

Different rules apply for students and temporary residents such as au pairs, exchange students, visiting academics and seasonal workers. These are not covered in this article. The scope of this article is regular, permanent (for tax and social security purposes) residents in Germany.

How is it Different?

Let's start with the nuts and bolts of the system:

How does it work in practice and how does it differ from what you are used to in your home country?

On one end of the scale is the **British healthcare system, which is a fully government / taxpayer-funded national health service** known to us Brits of course as the NHS.

Healthcare professionals such as doctors and nurses in the UK all work for the state i.e. they are public sector employees. In fact, the NHS is the biggest single employer in Europe. Hospitals, clinics and doctors' surgeries are all administered by the government. Whilst these services are decentralised and are administered locally, the budget itself comes from central government and is funded entirely by the state.

You often hear on British current affairs and topical debate shows the term "free at point of entry". In practical terms it means that pretty much anyone can turn up in Accident and Emergency at a British hospital, or call an ambulance, or go to the doctor, and they will be treated without having to confirm any valid health insurance (but you will probably get a bill afterwards if you're not a UK resident).

On the other end of the scale is the **US healthcare model**, which is almost exclusively accessed through **individuals, or their employers doing so on their behalf** as a condition of employment, taking out **health insurance policies**.

If your insurance policy doesn't cover you for a certain health complaint, or if you have taken out inadequate insurance, then you as an individual are in most cases liable for your treatment costs. The stories of individuals having to sell their home to cover healthcare bills because they were uninsured are very real. Medicare and Medicaid covers those most in need i.e. older people, welfare recipients and certain low-earners who otherwise would not be able to pay for healthcare, but both of these still rely on an insurer-based model.

Hospitals, doctors' surgeries, clinics, rehabilitation centres and so forth are private, for-profit businesses. They perform services and then invoice the individual (or the insurance company directly) just like any other regular business would operate. In other words, their employees belong to the regular economy and are in no way funded by the federal government.

"Obamacare" has, broadly speaking, made access to healthcare easier for individuals who otherwise may have de-facto been shut out of the healthcare market. Nonetheless, the essence of how the actual nuts and bolts of the system work has not substantially changed: American healthcare remains private. All Obamacare essentially did was to ensure that high-risk patients could not be refused insurance by every insurance company. Each state now has to ensure health insurance is theoretically available to all individuals.



But what does Germany have to do with the UK and the US?

Let me explain...

This brief summary of two completely diametrically opposing examples of how a country can provide healthcare is the best way for me to begin to explain how it works here in Germany:

The German healthcare system is, for all sense and purposes, a mixture of both systems:

Germany tries, with varying degrees of success, to take the best bits from both the British and the American methods of healthcare provision.

The basic concept of insurance is that of risk. Or perhaps better said, the statistically predictable level of risk for whatever it is that is being insured. In this case, it is you as the patient.

Determining factors include past medical history, hereditary conditions, age, gender and lifestyle. Based on your perceived level of risk, certain types of health insurance may be unavailable to you. Having a good grasp of this, along with considering how long you plan to live and work in Germany for, will help you greatly in deciding how to insure you and your family.

Germany operates on an **insurance-based system, with medical professionals working for private, for-profit companies**. There is no "German NHS" or its equivalent.

In the German healthcare system, hospitals are businesses, often owning chains of hospitals and related outpatient and aftercare services. Doctors and dentists are self-employed individuals, often working together in a practice, paid for through invoices they raise on their patients' health insurance companies.

Nonetheless, **Germany, in keeping with its social-democratic traditions, does have a regulated public health insurance system**, or "socialized medicine" as an American would call it. Just like in the UK, **everybody who is registered as being resident in Germany has the legal right to healthcare provision**.

The flip side, if you see it that way, is that in Germany **the individual is also legally mandated to have adequate health insurance**.

Since January 2009, it has been enshrined in law that everybody is obliged to have health insurance. The unemployed, newly arrived refugees and other welfare recipients are automatically covered by the state. Unlike in the UK, however, individuals who are either employed or self-employed have a degree of choice around what type and level of cover they opt in to. You don't just automatically have your national insurance contributions deducted from your salary.

Healthcare is separate from state pension and other welfare contributions, which in Germany are [automatically deducted from your payslip](#) if you are a regular employee.

Health insurance has to be actively contracted by the individual because there is no one single-payer, public German health insurance provider.

And this is where it can start to get confusing!



What Options Are Available To Me?

So, now we can take a look at what types of options are available and to whom.

If you are **self-employed**, then you **automatically have the option** of whether to pay into the **public health system** (German: gesetzliche Krankenversicherung) or whether to opt out and take a **private health insurance** policy (German: private Krankenversicherung). If trying to pronounce those has got you nervous, don't lose heart. Very rarely is choice a bad thing!

Employees, on the other hand, don't automatically have this choice: It depends on how much you earn before tax i.e. your gross salary.

In 2018, you have to earn over **€59,400 per annum gross** to have the choice between "gesetzlich" or "privat". **Anyone earning below this threshold is automatically obliged to take out a public insurance policy.** However, while you may **theoretically** be eligible for private insurance, it does not necessarily guarantee that a private medical insurance company will offer you insurance. This very much depends on the level of risk they perceive you to be as an individual.

A friend of mine a few years ago could not get private health insurance when he moved to Germany because he has diabetes. He had no option but to choose public health coverage, which as a relatively high earner meant that his healthcare contributions were substantially higher than mine were with private insurance (when measured as a percentage of gross salary). The cold, hard reason is that he had a condition which most probably will require lifelong medication and result in potential health problems later in life. The insurers thus deemed that for a man in his early 30s, he would be a costly and risky proposition over his lifetime.



What Will I Be Covered For?

There are many “gesetzliche Krankenkassen”, or public health insurance bodies, each one with their own nuances and opt-ins and specific advantages or disadvantages depending on what an individual is specifically looking for.

All of them will cover statutory healthcare requirements such as visiting a doctor and essential hospital treatment. However, typically public insurers will not include common but non-essential medical requirements such as:

- Dental care
- Physiotherapy
- Non-critical sports injuries

- Alternative medicine, such as healing professionals practising techniques such as acupuncture and yoga
- Preventative treatment such as nutritional advice or chiropractic treatments
- Cosmetic surgery

You will need to shop around to understand which of these may, or may not, be covered by various insurers. This is a very important but often overlooked point for newcomers. In extreme cases this can mean the difference between having to foot hundreds of Euro worth of medical bills yourself without any compensation from your German healthcare provider.

Employer And Individual Contributions

Now comes the tricky and unfortunate part of the German healthcare system. You will have to advise your employer during the first month of your job which type of health insurance you wish to take.

Otherwise guess what? They can't pay your salary!

Why? Because of **employer contributions**. Your employer has to know how much they should contribute towards your insurance.

You will need to produce a letter from your health insurance provider which confirms your monthly policy premium, and hand this to your employer's payroll department during your first month on the job.

This is because regardless of which option you take, **your employer is obliged to pay a 50% contribution towards your statutory healthcare costs** and therefore need to know how much to deduct, or contribute to, your first payslip.

If you choose public insurance, the total payment is calculated as 14.6% of your gross monthly salary. Your employer will contribute half of this sum and you will pay the other half, which is deducted directly from your salary and paid to the public insurance company, known in German as "gesetzliche Krankenkasse" or GKV.

Additionally you have the option to purchase extras, some of which were mentioned in the section above, which are not covered under the standard policy. These additions to your premium can come in at anything up to an additional 1.1% of gross income. This is a voluntary contribution and as such, your employer does not contribute towards this.

Therefore, if somebody wishes to take out the whole suite of extras, the total comes in at 15.7% of gross salary. But, only the 7.3% is funded by the employer and the remaining 8.4% is paid for by the employee.



Opting for private insurance means that your employer will provide a contribution towards your policy. A private insurance policy is individually calculated based on perceived risk, and has nothing to do with your gross salary. Employer contributions also work slightly differently. However, in that you will receive the employer's contribution (typically 50% of the monthly policy, with a few exceptions) directly on your payslip as part of your monthly salary paid into your bank.

With private insurance, the employer is also only obliged to pay for statutory cover. Therefore if you decide to take out popular optional extras on your private insurance policy, such as extended sickness payments in case of long-term illnesses, treatment by the head surgeon or upgrading to a private room when in hospital, these will not be included in your employer's contribution.

If you're privately insured, on your payslip the employer's contribution will be described as "Arbeitgeberzuschuss private Krankenversicherung" or something similar, and will usually appear after all of your gross pay and tax and compulsory social security deductions. You then typically pay your health insurance by direct debit independently to your insurer.

For privately insured individuals, your employer takes no responsibility or liability for your private health insurance contributions and ability to pay them.

The contract between policyholder and insurer is in no way underwritten by your employer.

Can You Give Some Examples?

Now that we have covered the basics, let's take a look at a couple of examples of where it may make sense to go for one option over the other:

Example 1:

- 30-year-old male
- No history of serious medical conditions
- No dependent children
- Non-smoker
- Annual gross salary of €75,000
- Intends to spend a few years in Germany before some day returning home.

In this instance, it would in most cases make sense to consider private health insurance. As a higher earner, the contributions into the public system as a higher earner would mean that it is relatively expensive (because, as we mentioned above, public health insurance contributions are a percentage of gross salary). Whereas with private insurance the premium is based on risk and this person is young, in good health and with no dependent family members. At this point in life for this individual, it would almost certainly be cheaper to go private.



Example 2:

Now let's consider if that same example above were:

- A 45-year-old male
- Married with two dependent children
- Moving with a view to stay in Germany permanently

Here a whole new set of factors come in to play. First of all he is 15 years older. In almost all cases a private health insurance company would consider him to be a higher risk. Secondly, he has two dependent kids whom he will also have to insure. Let's assume for the sake of this example that his spouse is not working full time and cannot insure them on her policy. And finally, his move is likely to be permanent.

Can I Switch From Private Back To Public?

The above example is important for two reasons:

If you opt out of the public system, you cannot simply opt back in when a private insurance company jacks up the cost of the insurance policy.

Otherwise, everyone smart enough to figure it out would do it!

There is a **three year grace period** to cancel your private insurance but then after that, you can't opt back in to the public system. There are some exceptions and loopholes but it is extremely complex and beyond the scope of this article. Also let's also not forget that as this person gets older, his insurance will become a higher risk to the insurer and his premium as such will almost certainly rise over time. Irrelevant for a fixed term expat assignment but a vitally important consideration for those making the move a permanent one.

One final point: The EU gender directive

A new European Union law came into force at the end of 2012, stating that insurers may no longer discriminate between male and female insurance policies on the grounds of sexual equality. Historically, private health insurance policies in Germany for men had typically been cheaper for two reasons:

Firstly, women on average live longer than men and thus would have higher healthcare costs over an entire lifetime. Secondly, childbirth and associated gynaecological conditions are costlier to a healthcare system. Therefore, gender does not have any relevance in the two examples we cited above.



So Is It A Good System?

So, the question I know you would ask me if we were sat in the pub having a beer would be, "which system is better" or "what works well in Germany compared to country X?". Well, I can only make comparison here to the UK, other than soundbites which my friends from other countries have given me as feedback.

Compared to the NHS, the main advantages I have experienced are that doctor waiting times are much lower because it is based on demand and supply in a free market rather than a state controlled system driven by available budgets.

It is much easier to get non-essential treatment or to be referred to specialists without enduring long waiting times. Hospitals and doctors' surgeries feel more luxurious, better staffed and much more well-equipped.

There is a well-organised emergency doctor network which avoids the need to show up at a hospital A and E out of desperation of not knowing where else to turn at weekends or during the night for treatment.

There is no feeling at all that the system is overstretched or at breaking point.

It is harder to scam the system when it comes to "health tourism" because you have to pay at the point of entry. In fact, the hospitals and clinics in my home city earn a lot of money from foreigners coming here and paying for world class treatment.

Before you think of this as some kind of utopia, let's not forget that all of this comes at a price: **Healthcare in Germany is extremely expensive.**

The NHS in the UK has huge negotiating power over pharma companies because of its size and the level of purchasing power they have over drugs manufacturers. **In Germany there is no one national provider to centrally negotiate the cost of drugs or medical equipment.** The obligatory costs for public insurance (in terms of the % of your gross salary you have to pay in) has increased twice since I moved here in 2006. Private insurers have taken advantage of this and have followed suit.

Second only to Japan, Germany has the worst [demographic pyramid](#) of all industrialised nations, so it's only going to get even more expensive as people live longer, medicine becomes more advanced and the ratio of working people to retirees and the economically inactive continues to fall.

Let's also not forget that it is a lottery you are playing with your health if you decide to go private. One serious condition and your premium could skyrocket. Also there is the moral question raised by left-leaning political parties which questions why should higher earners be allowed to opt out, go private and thus push the burden of welfare recipients' healthcare onto lower and middle earners.

It's also a major administrative pain in the neck, having to keep all medical receipts so as you can claim back the costs of medical treatment from your insurer.

So there you are:

A brief helicopter tour of the healthcare system in Germany, how it works, how it is set-up, what considerations must be thought through when deciding to go public or private, and a very brief summary of what works well and what not so well.

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