Health Insurance Options in Germany - 2018

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Overview

Germany has a reputation for having one of the best health care systems in the world, providing its residents with comprehensive health insurance coverage. Approximately 85% of the population is mandatory or voluntary members of the public health scheme while the rest have private health insurance. The health insurance reform of 2007 now requires everyone living in Germany to be insured for at least hospital and out-patient medical treatment. This must also include coverage for pregnancy and certain medical check-ups.

The costs of the German health care system are immense and rising due to demographics as well as medical cost inflation. Recent government reforms have attempted to make hospitals more competitive and thereby reduce costs for the state health insurance providers (Gesetzliche Krankenversicherung or GKV).

The introduction of the Gesundheitsfonds which is a monstrous collection and distribution fund for all monies paid into the GKV went into effect as of January 1, 2009. The consequences were felt by all: the present 113 Krankenkassen claim that the amounts being distributed per head are not enough to cover costs and a number of the Kassen have already registered for bankruptcy. Their members will, of course, be allowed to change to another Kasse.

As is a tradition in Germany, another reform came into law officially on January 1, 2015 - the name is another jaw-breaker: Gesetz zur Weiterentwicklung der Finanzstruktur und der Qualität in der gesetzlichen Krankenversicherung. A number of measures to supposedly increase competition among the health insurance funds and to reduce bureaucracy were introduced: The premiums for members of the German public health system were reduced from 15.5% to 14.6% of income which at first sounds attractive. The Krankenkassen are still allowed to demand a supplemental payment to meet their costs and as the median declared percentage amount is approximately 1% in 2018 this means that the total is 15.6% with the majority of Kassen. The naughty clause: the employer share has been frozen at 7.3% of the special income monthly level of 4,425 Euros whereas the employee carries the full brunt of the 7.3% plus x (presently between 0.3-1.7% which is quite a span).

This will again make it necessary to compare the total premiums of the different Kassen before deciding which one to join. Further reforms can be expected in attempting to fund the system and these will probably mean that the premiums will increase and benefits will be further rationed.

You have three options for health insurance while living in Germany; the government-regulated public health insurance system (GKV), private health insurance from a German or international insurance company (PKV) or a combination of the two. You can opt for full private plans if your income is above a certain threshold or if you are self-employed. Finding the best service provider of state health insurance or finding the most suitable coverage from a private health insurer while still at a competitive rate is not always easy but is well worth the effort.

As people have different requirements or expectations from health insurance, it is important to understand the system in order to filter out the most suitable plan while living in Germany.

Health insurance is not a commodity but rather is a vital financial support in times of illness or after an accident. Some health insurance policies offer less coverage than others and the scope and quality of terms and conditions are of utmost importance.
Government Health Insurance System (GKV)

Most German residents (approx. 70 million people) are members of the government health system. If your gross salary is less than 59,400 Euros per year, or 4,950 Euros per month in 2018 then membership in the GKV is mandatory. The government health insurance scheme is administered by approximately 113 Krankenkassen and they charge the same basic rate of 14.6% plus a possible median supplemental rate of 1% of your eligible gross salary to a maximum monthly income of 4,425 Euros (2018 figures). If you earn more than this, you do not pay a higher insurance premium. Assuming a maximum monthly premium of 700 Euros as an employee earning at or above the threshold and are therefore as a voluntary member, your contribution is approximately 377 Euros and your employer will pay approximately 323 Euros. The general minimum period of membership with a particular Krankenkasse is 18 months. You can switch government health fund providers by giving two months’ notice after 18 months membership or if a supplemental premium is demanded or increased.

The medical benefits provided include in-patient (hospital) care as a ward patient with the doctor on duty at your nearest hospital, out-patient care with registered doctors (Kassenärzte) and basic dental care. Please note that there is no coverage for private doctors or surgeons, a private room in hospital, alternative/homeopathic medical care, dental subsidies beyond the very basics, and vision products for adults or any medical benefits outside of Europe. Your non-working dependents living at your address in Germany are presently insured at no additional cost and simply need to be registered with the same Krankenkasse as the paying member.

If you choose to join the German government system, you can register with any of the 113 Krankenkassen which are non-profit associations administrating the government health scheme. Some (for instance AOK, TK, SBK, BEK, DAK) are very large and have millions of members while others (often called BKKs) might have just a few thousand members. This does not mean that the benefits are very different, as all health insurance funds must stick to the government regulations on the minimum benefits they offer. The premiums may also vary somewhat due to the new regulations and it would also be optimal to research which voluntary supplemental programs the Krankenkasse offers in order to be able to participate in for instance a no-claims bonus, free checkups or discounts on health travel plans. Tip: Make sure you ask about the possibility of communicating in the English language to make your life easier, though only a limited number of Kassen actually offer this service and have English speaking staff.

You and your dependents must also become members of the government long-term nursing care scheme (Pflegepflichtversicherung). This covers some of the cost of meeting personal nursing needs, such as the feeding and bathing of those who become substantially disabled. A major reform of the nursing care has been instituted in 2017 and this has caused a further increase of the cost. The cost is either 2.55% or 2.8% of your gross salary (maximum approximately 123 Euros per month if you have no children) of which your employer pays only up to 56 Euros.

THIS MAKES A TOTAL OF APPROXIMATELY 820 Euros per month if you are earning 4,425 Euros or more as an employee. Your employer contributes only 379 Euros. Your dependent spouse and children residing in Germany are included.

If you would like insurance coverage to supplement the government system benefits, you can purchase a policy from any private health insurance company, German or international; for instance if you would like access to and reimbursement of costs for a private doctor and a private room in hospital, homeopathy and other alternative treatment or higher dental reimbursements. Emergency evacuation from places outside Germany included with a private travel insurance policy should also be considered as these are not paid for by the state health insurance plan and it would be very costly to have to pay for such benefits out of pocket.

Public health insurance funds sometimes offer supplemental insurance plans from a particular provider, offering a group rebate. Such tied plans are not always ideal as you have a wider choice of benefits on the private health insurance market.

Private Health Insurance (PKV)

Generally, private health plans cover a wider choice of medical and dental treatment and provide broad geographical coverage. By having private health insurance you are considered a private patient and can expect more service from the medical profession. The hospitals and doctors depend to a certain extent on private patients to supplement their incomes and therefore welcome them. A private patient can also request and will often get, doctors who speak their native language. The private medical insurance market is served by about 40 German insurance companies, and there are premium/benefit combinations available to suit most budgets. Per person cost of full medical insurance is based on the
level of benefits chosen, as well as on entry age and any pre-existing medical conditions. A major portion of your medical insurance premiums has also been tax deductible from German income taxes since 2010. The government insurance premium covers you and all your non-working dependents, whereas the private medical insurance premium is generally paid for each person covered. You can reduce the monthly cost of your private insurance by agreeing to a deductible (also known as an excess or franchise). German private health insurance companies are not allowed to cancel your policy if you submit claims and are also required to put 10% of your premiums aside as a provision towards keeping the cost stable when you retire.

If you are considering purchasing an expatriate health insurance as a substitute for the government scheme, this could be quite stressful because most of the foreign insurance companies are not registered with the “BaFin” to do business in Germany. Even those that are, find their health insurance plans do not meet the standards set in the new reforms. The crux is that the German government insists that there may be no set upper limits on reimbursement levels and there may be no annual out-of-pocket deductibles higher than 5,000 Euros. Other issues involve how the insurance premiums are calculated. The present situation is that none of the major international expatriate health insurers will provide a German language certificate recognized by all visa authorities in Germany. Whether or not this will change depends on the Germans fully recognizing European directives for cross-border selling of health insurance for non-Germans seeking a residence permit.

Be careful to avoid limited-term policies with no requirement for medical underwriting. These policies very rarely offer a permanent extension and do not cover pre-existing conditions. If you decide to stay longer than the limited contractual term (anywhere from one to five years) and the health insurance contract expires, it could be both difficult and much more expensive to get new health coverage at that point. In addition, even though you may have purchased such a plan from a German health insurance company upon arrival in Germany, it may not be recognized by the visa authorities and you will be forced to purchase a permanent health insurance plan in order to be permitted to stay. Penalty fees may apply.

**Additional information for employees**

You may choose private health insurance (*Private Krankenversicherung* or *PKV*) instead of the government health plan if your gross salary is higher than 59,400 Euros per year (2018 figures). Self-employed persons, German civil servants and those persons working part-time and earning less than 450 Euros per month are also eligible.

If you are presently in the German public scheme and earn more than 59,400 Euros per year, you can change to private health insurance with two months’ notice because you are no longer a mandatory member of the German public scheme (GKV); you are allowed to either stay in the public system as a voluntary member or cancel your membership and arrange private health insurance with a German private health insurance company.

If upon arrival in Germany you wish to be privately insured, you will need to inform your company's human resources department promptly to avoid possible confusion; otherwise, you may find yourself automatically registered in the government system. **It is your decision and your employer is not allowed to restrict your freedom of choice among the various Krankenkassen or private health insurance providers.**

If you purchase a private medical insurance plan from a German health insurance company that provides a certificate recognized by the German government (Paragraph 257 SGB V *Arbeitgeberbescheinigung*) you may take advantage of the same employer subsidies as a government plan member. This translates to approximately 323 Euros per month of employer subsidy towards the cost of your private health insurance policy and up to 56 Euros for your private nursing care insurance. If such certification is not provided, your employer has the option, but is under no obligation, to compensate you for part of the cost of your medical insurance. Most German employers now demand this certificate as proof that your insurance benefits meet the regulations.

**Additional information for the self-employed or non-employed persons**

It is now illegal to be uninsured.

German private health insurance companies are now forced to accept all applicants, irrespective of their health situation, in their "Basis turf" which became available from January 1, 2009. In other words, if you have a serious pre-existing medical condition and cannot be accepted into normal private health insurance tariffs, you can purchase this tariff as a
last resort. It offers similar benefits to the government system and the cost is capped at the maximum rate of the Krankenkasse. Unfortunately this monthly premium is approx. 690 Euros per month for each adult plus approx. 250 Euros for each dependent child. In addition you must pay the nursing care insurance premiums. If you are eligible for welfare support if you only pay 50% of these amounts.

If on the other hand you are basically in good health, you should try to purchase suitable benefits plans from a German private health insurance company willing to accept non-Germans. A qualified insurance broker specializing in expatriates should be consulted.

If you are self-employed and were already covered by an international insurer before the cut-off date of April 1, 2007, you should check to make sure your coverage is suitable for living in Germany. You will probably need to prove that your insurance is still in force and provide some certification in the German language to the visa authorities.

If you would like to keep the non-German insurance, please note that you must in any event still pay into the government long-term nursing care scheme (Pflegepflichtversicherung) and may also wish to purchase supplemental sick pay insurance. This may be difficult to find as German insurers are not particularly keen on insuring self-employed foreigners.

**Sick Pay Insurance**

Should you fall ill while in Germany, your employer will normally pay six weeks' full salary, after which the government scheme health insurer (Krankenkasse) pays a percentage of your income, (up to approximately 3,098 Euros per month) as statutory sick pay (Krankengeld) for up to a maximum of 78 weeks. After deduction of taxes you would be left with approximately 2,724 Euros to finance your normal monthly private expenses such as rent, groceries and other insurance policies.

If you are earning more than this per month, it would be worth considering the purchase of supplemental sick pay insurance, which is available at reasonable rates. This is particularly important if your monthly fixed living costs are higher than 2,724 Euros. If you purchase private medical insurance, you should also consider purchasing adequate sick pay insurance. Please note that neither sick pay insurance nor the government scheme covers permanent disability and it is assumed that you will be returning to full employment. You should therefore consider purchasing a separate policy for permanent disability and critical illness.

**Cross-Border Care, Travel Insurance and Evacuation Benefits**

The German public health insurance system will provide you with limited medical and dental cover for travel within the EU. Starting on October 25, 2013 the EU cross-border regulations came into effect. This change means that public patients can choose to have their medical care in any country in the EU, EEA state or Switzerland and receive a partial reimbursement from their local public insurance fund (i.e. Krankenkasse in Germany). As there are different procedures for hospital and out-patient services please contact your Krankenkasse before embarking on any cross-border medical or dental care. The contact number for the international liaison office: +49 (0)2289530-800.

A large percentage of foreign doctors will handle you only as a private patient. You will be reimbursed for the amount that the German system would have paid for the treatment - sometimes only a fraction of the actual cost you paid. If you wish to be covered for the full amount of any medical outlay or plan to travel to non-EU countries, you should definitely purchase a travel insurance policy. There are single trip and annual policies to choose from. The German government health system does not cover medical evacuation from any foreign countries. Please note that not all travel insurance policies cover evacuations, so always check the fine print before signing up.

**Dental Care**

In Germany, dental care can be expensive. For major dental work involving bridges, crowns or orthodontics, you must get a cost estimate and present it to your insurer prior to treatment; otherwise you could be faced with a very high bill to be paid out of your own pocket. If you have doubts about a recommended treatment, get a second opinion. Also please watch out: German dentists can sometimes suggest complicated and unnecessary dental work. The reimbursement amounts are calculated based on a fixed price depending on the case and you can expect to pay between 30% and 80% out-of-pocket for dental work if you do not have supplemental dental insurance.
The fixed price system uses the absolute minimum standards and does not cover gold, porcelain or other materials. Supplemental dental insurance is worth considering if you would like to avoid unpleasant surprises.

Pharmacies

Germany has an extensive network of pharmacies (Apotheeken), with branches on just about every second corner in town, easily recognized by big red “A” or a green cross. The state health insurance generally provides reimbursement for prescription generic drugs, though with a co-payment, the scale of which depends on the cost of the medication. The public system is trying to reduce the immense cost of pharmaceuticals and has forced discounts from the large drug companies. The pharmacy must search for the lowest possible price for the generic medication when you present a prescription from the registered doctor as a public patient.

If you are privately insured, brand-name medication will normally be covered, as long as you have a prescription. You will have to pay the full cost of the prescription medicine immediately and then submit the receipts to your insurer for reimbursement. However, do not expect to be reimbursed by either the government or private health insurance for over-the-counter remedies.

Fast Facts: German Health Care

- The health insurance rates charged by the Krankenkassen are 14.6% (plus 1% median supplemental premium) of your monthly income up to a maximum salary amount of 4,425 Euros. This means that the average monthly premium on the market for 113 public Krankenkassen can be up to approximately 700 Euros.
- In addition, mandatory nursing care insurance costs a maximum of 123 Euros per month.
- Members of the state health plan pay up to 10 Euros in co-payments for prescription medicine and must accept generics.
- Hospital stays cost 10 Euros per day (max. 280 Euros per year) for members of the state health plan.
- Members of the state health plan can shop around for the best price and provider of supplemental insurance for dental, private doctor, private hospital accommodation etc.

Pros and cons of private health insurance:

- Private health insurance which offers more choice is available to persons earning above the threshold set each year or those who are not eligible for the Government scheme. It is available from 40 German health insurance companies. Many do not accept foreigners until they have been resident here for at least two years.
- Pros: Choice of many tariffs, choice of doctors and hospitals (generally world-wide, though with some limitations), payment for alternative/natural remedies, higher reimbursements for dental work, reimbursements for vision products.
- Cons: Each insured person has their own premium, based on the chosen tariff and the insured’s entry age. Underwriting can lead to a supplemental premium load if there are any pre-existing medical conditions.
- Premiums must be paid even if you are ill or are not working due, for instance, to the raising of children. There are only a few tariffs which will subsidize these events.
- There can be limits on dental reimbursements in the first years and co-insurance payments are also possible.