

# Health Insurance Options in Germany - 2019

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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 are 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 a number of prescribed medical check-ups.

The costs of the German health care system are immense and constantly 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 110 *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 or merged with other *Kassen*. Their members are, of course, being allowed to change to another *Kasse*.

As is a tradition in Germany, two reforms came into law simultaneously on January 1, 2019. The first one involves reducing health insurance premiums for employees: *GKV-Versichertenentlastungsgesetz* (GKV-VEG) which will help them save a few Euros each year because the employer will now be forced again to pay 50% of the total health insurance premium, a turnaround from the previous reform which limited the amount employers had to subsidize. The *Krankenkassen* are still allowed to demand a supplemental payment from their members to meet their costs and as the median declared percentage amount is approximately 0.9% in 2019 this means that the total is 15.5% of gross salary with the majority of *Kassen*.

The second reform – *Pflegepersonal-Stärkungsgesetz* (PpSG) involves the long term nursing care insurance (*Pflegepflichtversicherung*) which is turning into a nightmare of much higher cost due to necessary improvements in the pay and in the number of nursing care staff which is long overdue. The effect is an increase of 0.5% (max. cost 150 € per month) compared to 2018 (max. cost 123 € per month).

Further reforms can be expected in an attempt to fund the system as a whole and in the future these will probably mean that the premiums will continue to 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 health insurance plans if your income is above a certain threshold amount or if you are self-employed. Finding the best service provider for 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 their 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 60,750 Euros per year, or 5,063 Euros per month in 2019 then membership in the GKV is mandatory.** The government health insurance scheme is administered by 110 *Krankenkassen* and they charge the same basic rate of 14.6 % plus a possible median supplemental rate of 0.9% of your eligible gross salary with a cap set at a maximum monthly income of 4,538 Euros (2019 figures). If you earn more than this, you do not pay a higher insurance premium. Assuming a maximum monthly health insurance premium of 720 Euros as an employee earning at or above the threshold and you are therefore a voluntary member, your own contribution will be approximately 360 Euros with your employer paying the other 360 Euros. The general minimum period of membership with any 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 increased.

The medical benefits offered include in-patient (hospital) care as a ward patient with the doctor on duty at your nearest hospital, out-patient care with registered doctors (*Kassenarzte*) 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 yourself as the paying member.

If you choose to join the German government system, you can register with any of the 110 *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 changing 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 supplemental health 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. Due to major reforms of the nursing care system in 2017 and 2019 there has been a further increase of the cost. The cost is either 3.05% (or 3.3% if you have no children) of your gross salary (maximum approximately 150 Euros per month) of which your employer pays only up to 69 Euros.

THIS MAKES A MAXIMUM TOTAL OF APPROXIMATELY 870 Euros per month if you are earning 4,538 Euros or more as an employee. Your employer contributes approximately 429 Euros. Your dependent spouse and children residing in Germany are included in your membership at no additional cost.

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 normally have a wider choice of benefits on the private health insurance market.

# Private Health Insurance (PKV)

Private health plans cover a wider choice of medical and dental treatment and generally provide broad geographical coverage. By having private health insurance you are considered a private patient and can expect a higher level of 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 (up to 80%) of private 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 potentially become quite stressful because most of the foreign insurance companies are not registered with the “BaFin” to do business in Germany. Even those that are registered, find that 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, though there are a very few exceptions. Whether or not this will change depends on whether Germany fully recognizes 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 before or upon your 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 a private health insurance (*Private Krankenversicherung* or *PKV*) instead of the government health plan if your gross salary is higher than 60,750 Euros per year (2019 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 begin to earn more than 60,750 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) or you remain in the public system with the status of a voluntary member, paying the maximum premium.

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 350 Euros per month of employer subsidy towards the cost of your private health insurance policy and up to 69 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 self-employed or non-employed persons

## It is illegal to be uninsured if you reside in Germany.

If 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 and experienced insurance broker specializing in expatriates will help you find the most suitable cover.

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.

German private health insurance companies are forced to accept all applicants, irrespective of their health situation, in their "*Basistarif*" 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 the monthly premium is approx. 703 Euros for each adult plus approx. 250 Euros for each of your dependent children. In addition you must pay for the nursing care insurance. If you become eligible for welfare support if you only pay 50% of these amounts.

## 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 up to 70% of your gross income, (up to a maximum of approximately 3,176 Euros per month) as statutory sick pay (*Krankengeld*) for up to a maximum of 78 weeks if you are a member of a *Krankenkasse*. After social security deductions you would be left with a maximum of approximately 2,785 Euros to finance your normal monthly fixed expenses such as rent, groceries and other insurance policies.

If you are earning more than this per month, after tax deductions, 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 2,785 Euros. If you purchase private medical insurance, you should also consider purchasing adequate sick pay insurance to meet your living expenses. Please note that neither the private nor the statutory sick pay 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. The EU cross-border regulations came into effect on October 25, 2013. This change meant 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 only be reimbursed for the amount that the German public 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 private 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: some German dentists can sometimes suggest complicated and unnecessary dental work. The reimbursement amounts from the public health system are calculated based on a fixed price depending on the tooth work to be done and you can expect to pay between 30% and 80% out-of-pocket for dental work if you do not have supplemental dental insurance in place. The fixed price system for pre-authorization of costs 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 (*Apotheken*), 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 public health insurance rates charged by the *Krankenkassen* are 14.6% (plus 0.9% median supplemental premium) of your monthly income up to a maximum salary amount of 4,538 Euros. This means that the average monthly premium on the market for 110 public *Krankenkassen* can be up to approximately 720 Euros.
- In addition, mandatory nursing care insurance costs a maximum of 150 Euros per month.
- Members of the state health plan pay up to 10 Euros in co-payments for prescription medicine and must be willing to 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.

Copyright Cathy J. Matz-Townsend  
Independent Insurance Broker  
Hauptstrasse 175  
65375 Oestrich-Winkel  
Germany

Tel: 06723 6033518

[matz@insure-invest.de](mailto:matz@insure-invest.de)

<https://insure-invest.de/english/matz-townsend-finanzplanung.html>

All information is provided to the best of our knowledge as of January 2019 but we are not liable for its accuracy or completeness.