



New Developments in Funding for LTC and Family Caregiver Leave in Germany

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Social Security in Germany

Health Insurance	Accident Insurance	Pension Insurance	Unemployment Insurance	Long-term Care Insurance
since 1883	since 1884	since 1889	since 1927	since 1995
Social Code Book V	Social Code Book VII	Social Code Book VI	Social Code Book III	Social Code Book XI



Long-term care insurance

Major Goals and Basic Principles

- Helps alleviate physical, psychological and financial burdens.
- | Covers only part of needs.



Insured Persons

- | Entire population is insured.
 - 69.8 million in social LTC.
 - 9.5 million in private mandatory LTC.
- | Carriers of the social LTC insurance are the LTC insurance funds (131).
- | Carriers of the mandatory private LTC insurance are private health insurance firms (42).



Financing

- | Social LTC insurance – pay-as-you-go system with revenue equalisation
 - contribution rate 2.05 %, childless members 2.3 %
- | Private LTC insurance – premium-financed, fully funded with risk adjustment
 - social element



Financing social LTC benefits

- | Contribution rate: 2.05% of gross income.
- | Contribution ceiling
2014: € 83.02/month
- | Employers pay half (1.025%).
- | Childless employees pay a supplementary of
0.25% (max. € 10.12)
- | Unemployed spouses and children have free co-
insurance.
- | Full revenue equalization among LTC insurance
funds.



Financing private mandatory LTC benefits - 1

- | Financed within framework of fully funded scheme.
- | Premiums do not depend on income; paid only by the insured.
- | Contribution calculations based exclusively on age at start of contract.
- | Children are co-insured free of charge.
- | Premiums may not exceed maximum rate of social LTC insurance (: € 83.02/month).



Financing private mandatory LTC benefits - 1

- | Obligation to contract
- | No gender-based pricing
- | No premiums above maximum contribution rate if qualifying period set at no less than five years



Definition, eligibility, assessment procedure

- | Person with care needs: physical, mental, cognitive disability causes need for help with activities of daily living over a period of at least 6 months.
- | Relevant needs: personal care, nutrition, mobility, housekeeping.
- | 3 care levels.
- | Assessment to identify the care package needed.



Benefits

- | Benefits do not depend on income.
- | Benefits for home care, semi-inpatient care, inpatient care.
- | Benefits in-kind and cash benefits



Financing

- | General contribution rate raised to 2.05 % in 2013
- | Contribution rate sufficient to finance services up until about 2018



Support for private LTC plans

- | Subsidy of € 5 €/month if the insured pays at least €10/month into plan
- | Legal obligation to contract; no proof of good health
- | Minimum age 18 years; not in receipt
- | Waiting period five years
- | Insurance is activated if the client develops LTC needs/major general care needs
- | Benefit rate in LTC level III at least € 600 €



Plans – Coalition Treaty - 1

Legislative procedure:

1. Step of the LTC reform

IDynamisation of benefit rates by 4% as of 1.1.15 – mandatory

IIncrease in contribution rate to 2.35% as of 1.1.15

ILTC provident fund

- LTC insurance fund administered by the *Deutsche Bundesbank*

IMeans: 0.1 contribution rate points/year



Plans – Coalition Treaty - 2

| Savings period 20 years; afterwards input only to stabilise contribution rate

2. Step of the LTC reform (Plans 2014/2015):

| Contribution rate to rise by 0.2% to finance a new definition of LTC needs



Care-giving leave: current status - 1

- | Care-givers: assisted by pension insurance and covered by accident insurance
- | Care-giving Leave Act – 2 timeframe-related provisions:
 - Statutory right to take up to 10 days leave at short notice to (organise) care for a relative with care needs
 - Statutory right to take up to six months off work to care for a relative with care needs
 - Social insurance coverage for employees



Current status - 2

I Family Caregiver Leave Act

- Eligible working hours reduction to not less than 15 hours for not more than 24 months without statutory right
- Employer to top up caregiver's salary by half the foregone amount
- In the post-caregiving period, salary remains at reduced rate until the advance granted on it is settled
- Combination of part-time work and recognition under pension law can secure pension entitlements at about the level of full-time workers



Care-giving Leave: Plans

- | Creation of a statutory right to stay away from work for up to 24 months to care for a relative
- | Employees to be supported by interest-free loans
- | Aim: Further improving the balance between work and care-giving responsibilities



Questions?

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