

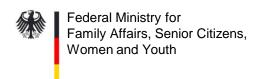


New Developments in Funding for LTC and Family Caregiver Leave in Germany

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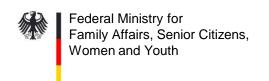
Director General





Social Security in Germany

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



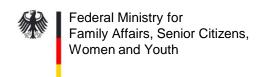


Long-term care insurance

Major Goals and Basic Principles

 Helps alleviate physical, psychological and financial burdens.

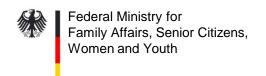
I Covers only part of needs.





Insured Persons

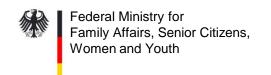
- I Entire population is insured.
 - 69.8 million in social LTC.
 - 9.5 million in private mandatory LTC.
- I Carriers of the social LTC insurance are the LTC insurance funds (131).
- I Carriers of the mandatory private LTC insurance are private health insurance firms (42).





Financing

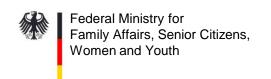
- I Social LTC insurance pay-as-you-go system with revenue equalisation
 - contribution rate 2.05 %, childless members 2.3 %
- I Private LTC insurance premium-financed, fully funded with risk adjustment
 - social element





Financing social LTC benefits

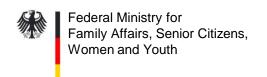
- I Contribution rate: 2.05% of gross income.
- I Contribution ceiling 2014: € 83.02/month
- I Employers pay half (1.025%).
- I Childless employees pay a supplementary of 0.25% (max. € 10.12)
- I Unemployed spouses and children have free coinsurance.
- I Full revenue equalization among LTC insurance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





Financing private mandatory LTC benefits - 1

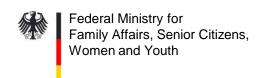
- I Financed within framework of fully funded scheme.
- I Premiums do not depend on income; paid only by the insured.
- I Contribution calculations based exclusively on age at start of contract.
- I Children are co-insured free of charge.
- I Premiums may not exceed maximum rate of social LTC insurance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





Financing private mandatory LTC benefits - 1

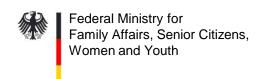
- I Obligation to contract
- I No gender-based pricing
- I No premiums above maximum contribution rate if qualifying period set at no less than five years





Definition, eligibility, assessment procedure

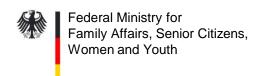
- I Person with care needs: physical, mental, cognitive disability causes need for help with activities of daily living over a period of at least 6 months.
- I Relevant needs: personal care, nutrition, mobility, housekeeping.
- 13 care levels.
- I Assessment to identify the care package needed.





Benefits

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

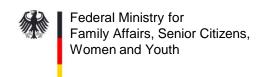




Financing

I General contribution rate raised to 2.05 % in 2013

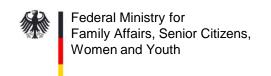
I Contribution rate sufficient to finance services up until about 2018





Support for private LTC plans

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





Plans – Coalition Treaty - 1

Legislative procedure:

1. Step of the LTC reform

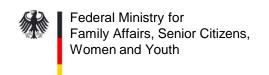
IDynamisation of benefit rates by 4% as of 1.1.15 – mandatory

Increase 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

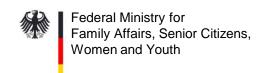




Plans – Coalition Treaty - 2

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

- 2. Step of the LTC reform (Plans 2014/2015):
- I Contribution rate to rise by 0.2% to finance a new definition of LTC needs





Care-giving leave: current status - 1

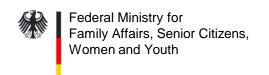
- I Care-givers: assisted by pension insurance and covered by accident insurance
- I Care-giving Leave Act 2 timeframe-related provisions:
 - Statutory right to take up to 10 days leave at short notice to (organise) care for a relative with care needs
 - Statutory right to take up to six months off work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

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



Questions?

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