

# Limiting co-payments for nursing home residents in Germany

**INTERNATIONAL LONG-TERM CARE POLICY NETWORK  
London 7–10TH SEPTEMBER 2022**

Prof. Dr. Heinz Rothgang  
Universität Bremen  
SOCIUM Forschungszentrum  
Ungleichheit und Sozialpolitik

- I. Background
- II. The Problem
- III. Proposed solutions
- IV. Evaluation
- V. Conclusion

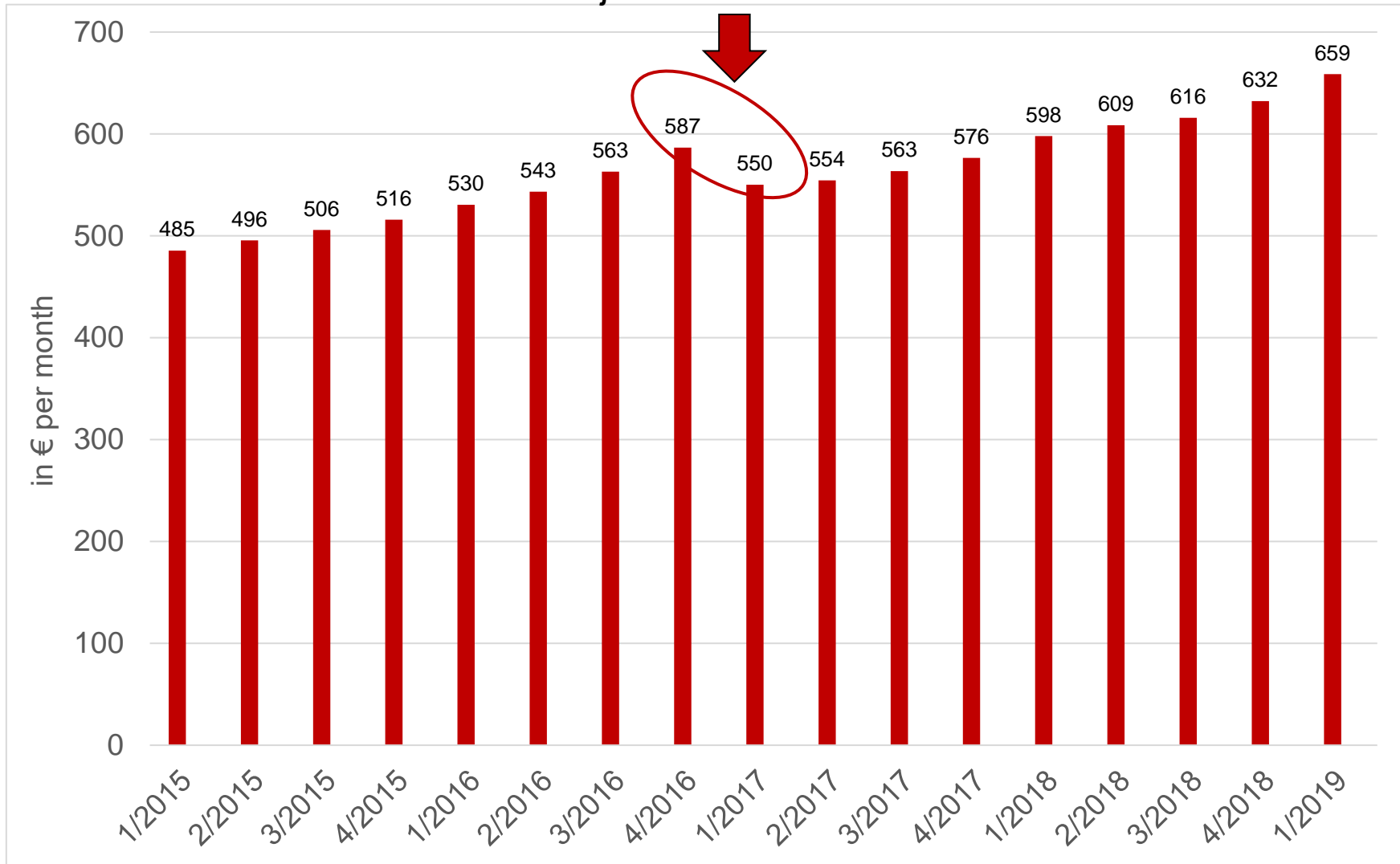
- A conservative welfare state – *such* as Germany – aims at *status maintenance*, i.e. social risks such as illness, disability or the need for long-term care should not endanger the social position a person has achieved during his/her lifetime.
- Mandatory long-term care insurance (LTCI) was introduced to make sure that care-dependent people don't have to rely on social welfare (Götze & Rothgang 2014).
- The share of nursing home residents who rely on welfare has been an indicator for the success / failure of the system.
- Recent developments indicate a failure of the current system.

- Nursing home care reimbursement consists of four parts:
  - **Nursing care**: a fixed amount is financed by LTCI benefits, the amount on top of that has to be covered by the person in need of long-term care.
  - **Room and board**: has to be financed by the care-dependent person
  - **Investment cost** (building, maintenance, etc.): has to be financed by the care-dependent person
  - **Costs for training of nursing trainees**: has to be financed by the care dependent person.

- While benefits have been kept constant for up to 20 years, costs have risen and so have fees. Consequently, co-payments have increased.
- Even the major reform of 2017 only caused a small and temporary relief.

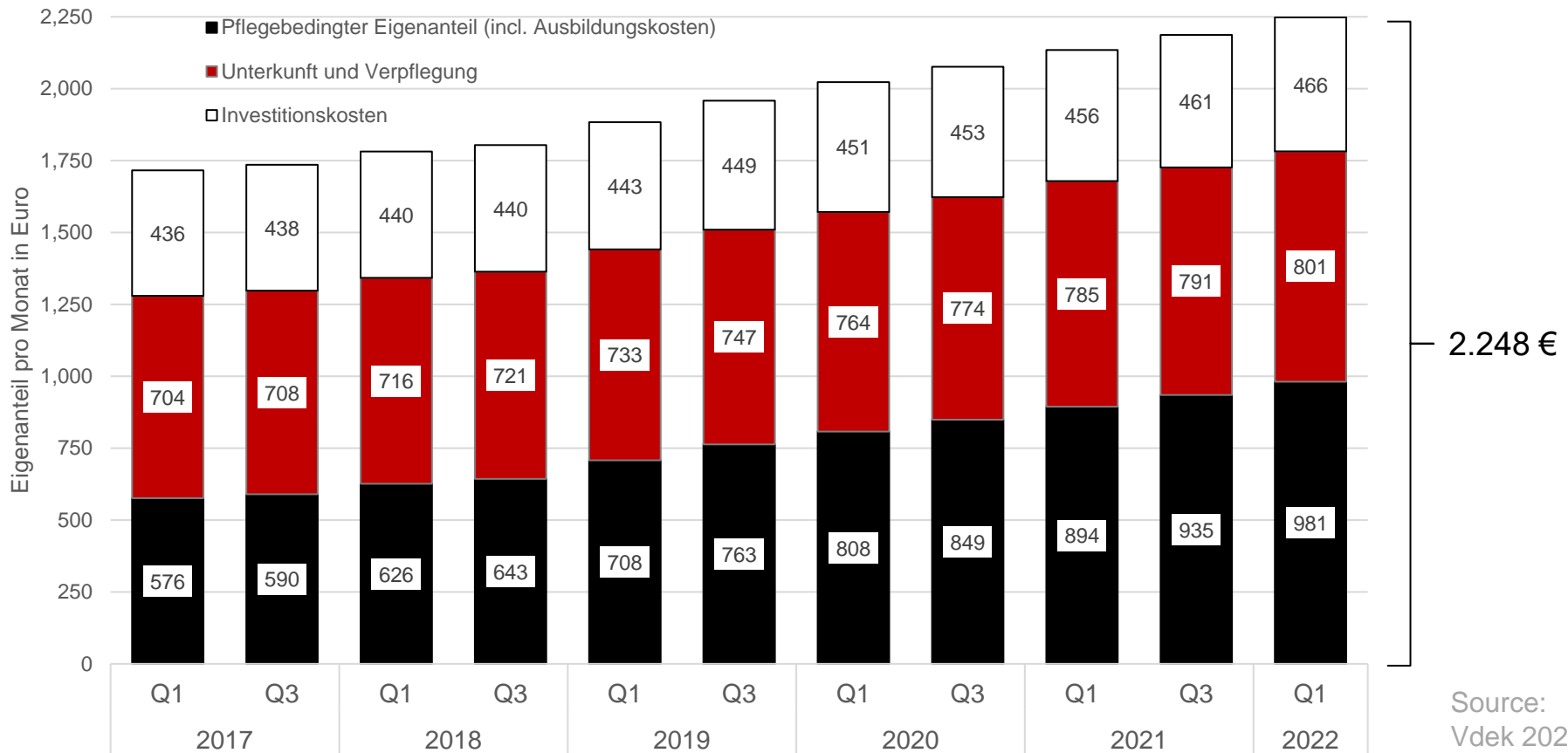
## II. The Problem: Co-payments for nursing care

Major reform of 2017



- While benefits have been kept constant for up to 20 years, costs have risen and so have fees. Consequently, co-payments have increased.
- Even the major reform of 2017 only caused a small and temporary relief.
- Since 2017 co-payments have been on the rise again.

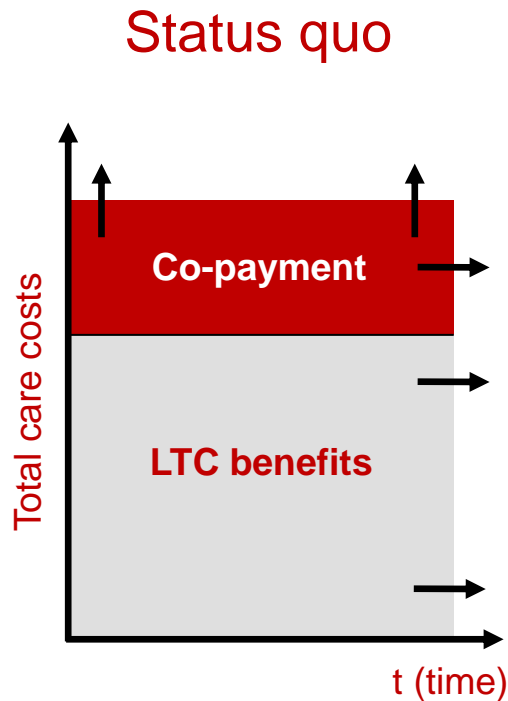
# II. The Problem: Co-payments for nursing home residents



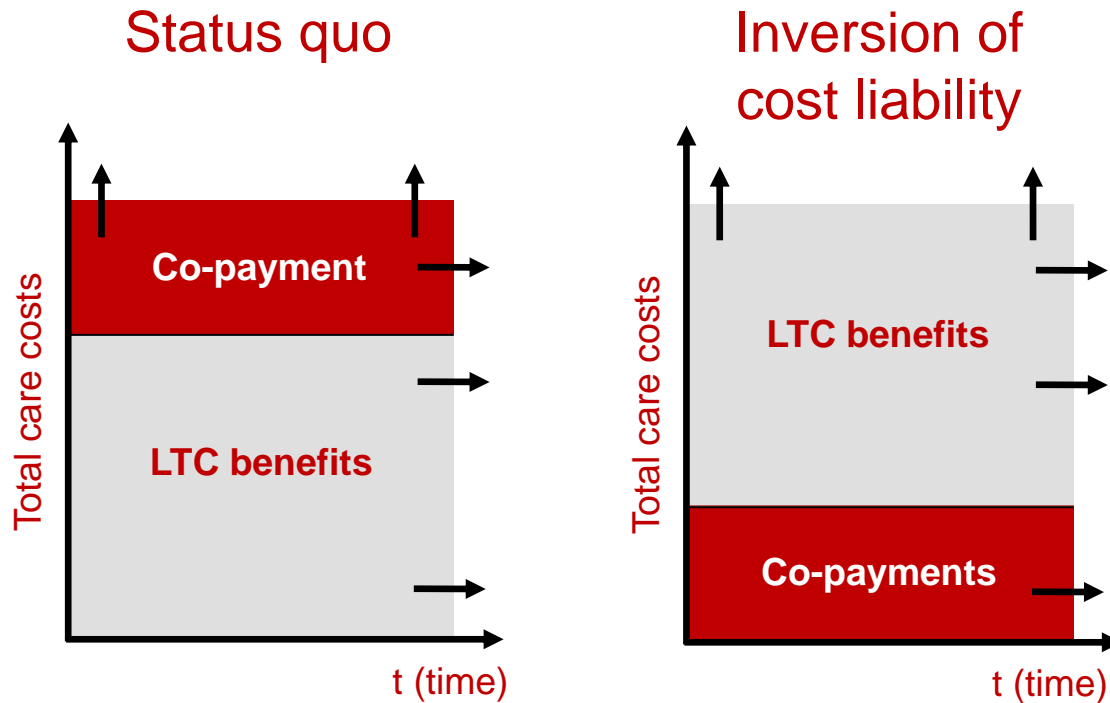
Source: Vdek 2022



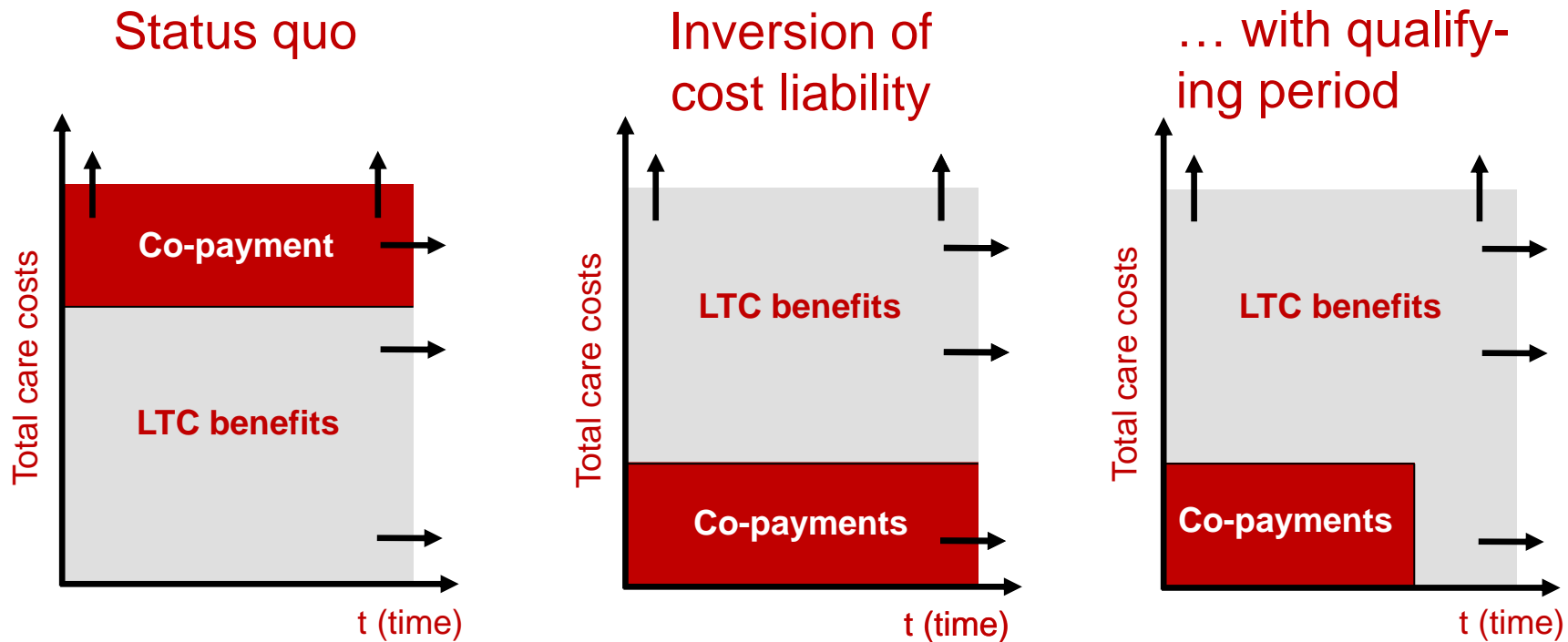
- Under the original scheme nursing home residents bear a double risk concerning the amount and duration of co-payments.



- An inversion of cost liability would mean that the risk of high and increasing total care costs rests with the insurance rather than with the nursing home resident. The risk concerning the duration, however, remains with the resident.



- An inversion of cost liability with a qualifying period for full coverage of care costs would mean that both risks (amount and duration) rest with the insurance rather than with the nursing home resident.



### Original DOH plan of 4.11.2020

- National cap on co-payments for LTC costs including staff training costs at 700 euros
- Temporal limitation of such payments to 36 months
- Federal states bear the co-payment of 100 euros per month and resident for investment costs
- Tax subsidy of 6 billion euros

### Original DOH plan of 4.11.2020

- National cap on co-payments for LTC costs including staff training costs at 700 euros
- Temporal limitation of such payments to 36 months
- Federal states bear the co-payment of 100 euros per month and resident for investment costs
- Tax subsidy of 6 billion euros

### Reform Act from Juli 2022

- LTC insurance assumes the cost of the care-related co-payments, which are staggered according to duration of inpatient benefits:
  - For less than 1 year: 5%
  - For 1-2 years: 25% of the care-related co-payments
  - For 2-3 years: 45%
  - For more than 3 years: 70%
- Federal states are not required to assume the cost of further investment co-payments
- Tax subsidy of 1 billion euros

- The Reform Act also contains **additional costs** for LTC home residents that run counter to the differential exonerative effects:
  - The benefit adjustments which was planned for 2021 was cancelled, leading to generally higher co-payments in 2021.
  - The rules on collective tariff agreements and on increased staff numbers increase residents' co-payments by an average of 151 euros per month (according to Health Ministry's financial tableau) and
  - The integration of the hitherto additionally financed staff into the care-related costs increases the monthly co-payments by an average of 101 euros (according to the Health Ministry's financial tableau).

- In sum, the reform does little to relieve LTC home residents of the cost burden.

- On balance, about half of residents living in LTC homes for less than 2 years are burdened with additional costs, while the other half pay less.
- The average cost reduction of 37 euros constitutes only 1.7% of the average total co-payment.

Dauer der stationären Pflege	Prozentualer Anteil der Heimbewohner	Pflegegrad 2	Pflegegrad 3	Pflegegrad 4	Pflegegrad 5	Gewogener Mittelwert
0-1 Jahr	28,94%	-244,11	-268,71	-294,36	-305,86	-279,09
1-2 Jahre	18,90%	-57,11	-81,71	-107,36	-118,86	-92,09
2-3 Jahre	15,38%	129,89	105,29	79,64	68,14	94,91
3 Jahre und mehr	36,78%	363,64	339,04	313,39	301,89	328,66
Gewogener Mittelwert		72,28	47,68	22,03	10,53	<b>37,30</b>

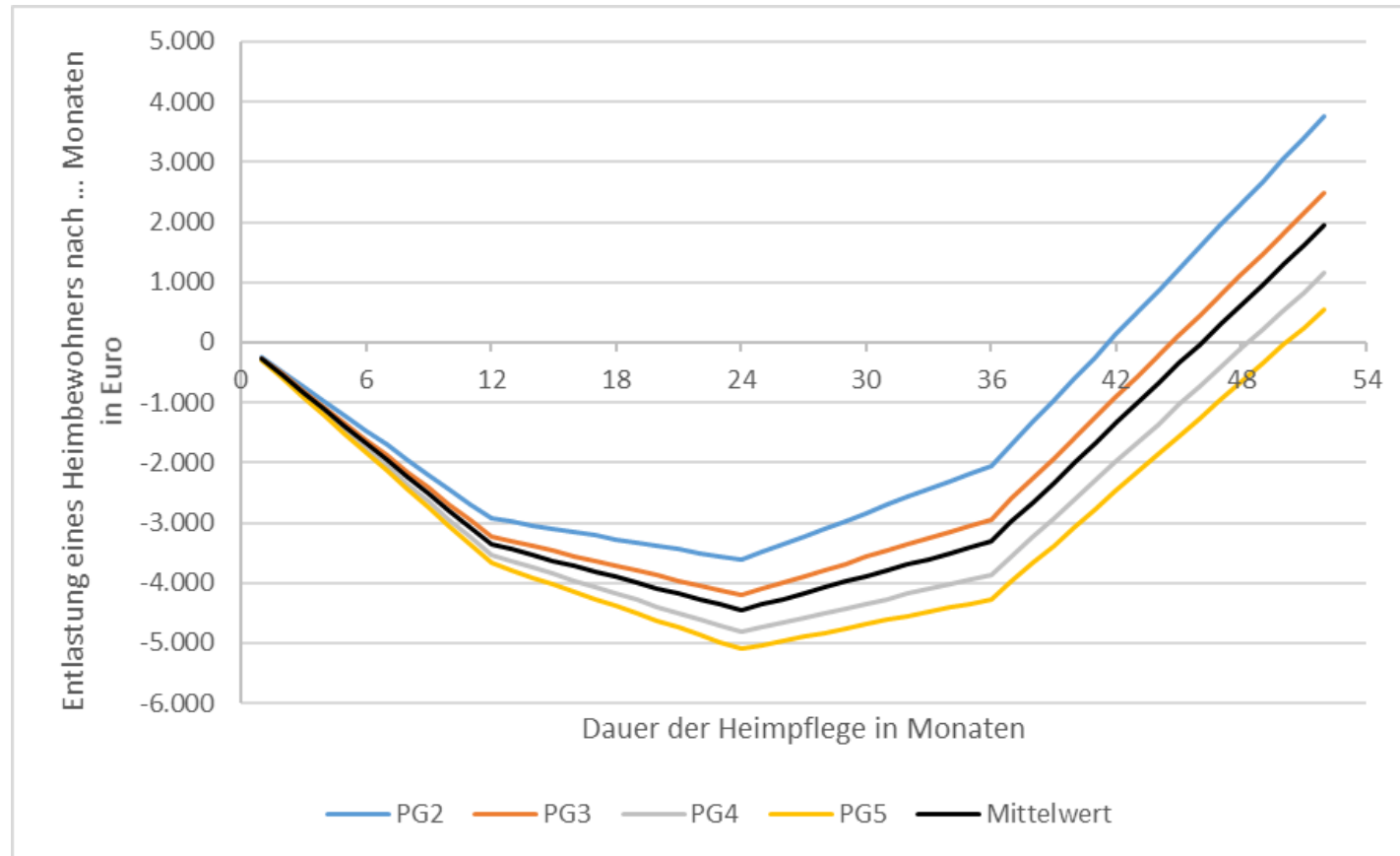
Annahme: Pflegesätze von Juli 2021

Quelle: Rothgang & Müller 2021: 38



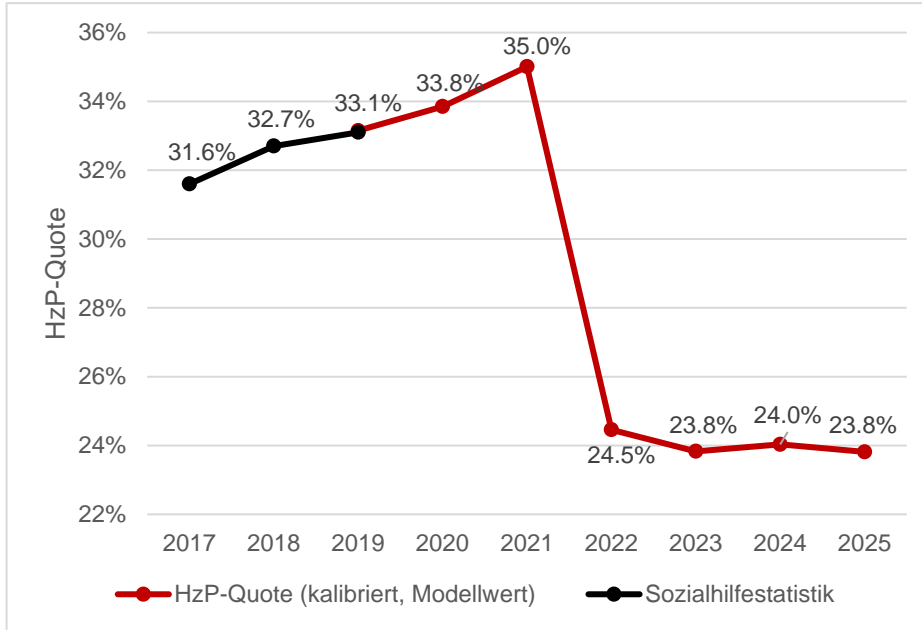
- In sum, the reform does little to relieve LTC home residents of the cost burden.
- Overall, the reform leads to a greater cost burden for all residents living in a LTC homes for fewer than 3.5 years.

## Cumulative relief for a nursing home resident x months after receiving nursing home care for the first time

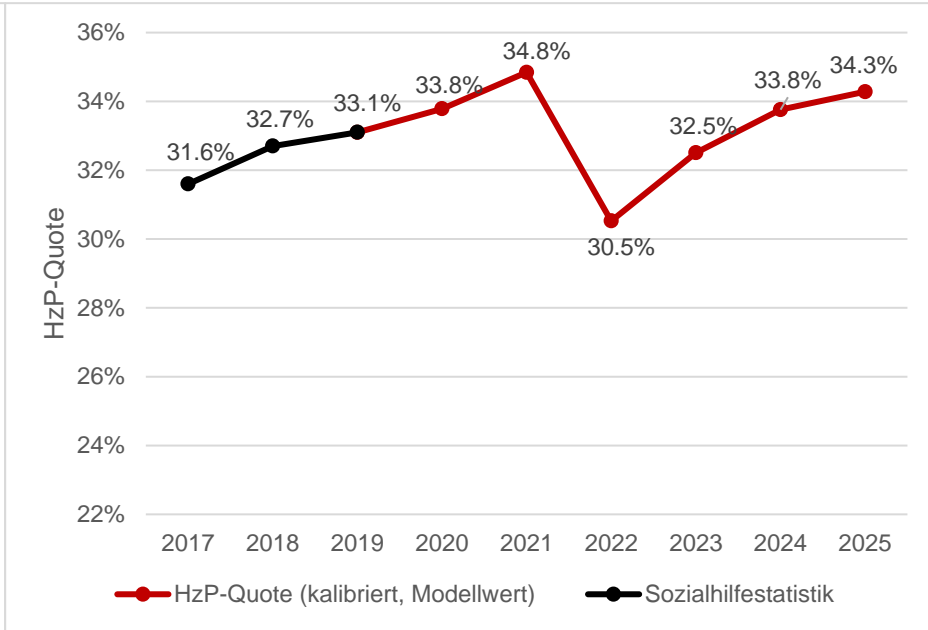


Source: Rothgang & Müller 2021: 39

- In sum, the reform does little to relieve LTC home residents of the cost burden.
- Overall, the reform leads to a greater cost burden for all residents living in a LTC homes for fewer than 3.5 years.
- The reduction of costs for social insurance funds is only temporary.



Original DoH Plan



Reform Act

(Source: Rothgang et al. 2021c: 23)

- The original DOH plan constitutes a revolution of the system:
  - The costs of future quality enhancements are transferred from the care-dependents to all insurees – and make co-payments more easily predictable
  - The proportion of social welfare recipients is directly *and* sustainably reduced.
  - In the medium and long term, more and better paid staff can be employed without burdening the residents.
- The reform act on the other hand does not solve the problem:
  - The implementation of this proposal still renders the co-payments incalculable and it is not possible to maintain living standards.
  - Even in the short term, fewer people are relieved of costs, and in the medium and longer term, dependency on social security will increase again. Ultimately it is just a matter of buying time.

- The reform act thus falls far behind the changes announced in the Department of Health's original plan, and halfway through the next parliamentary term we will again be facing the very same problems.
- While the Minister's announcement and the original plan, which has taken up the idea of a inversion of cost liability,y looked like a shift into the fast lane, the LTC reform has ended up in a cul-de-sac.

Thank you for your attention!

**Götze, Ralf / Rothgang, Heinz (2014):** Fiscal and social policy: financing long-term care in Germany, in: Comanje, Karel-Peter (ed.): Financing high medical risks, Amsterdam: Amsterdam University Press, 63-100.

**Rothgang, Heinz (2021):** Stellungnahme zum Gesetzentwurf der Bundesregierung eines Gesetzes zur Weiterentwicklung der Gesundheitsversorgung (GPVG) (BT-Drucksache 19/26822) und zu den Änderungsanträgen 1 bis 20 der Fraktionen CDU/CSU und SPD zum Gesetzentwurf der Bundesregierung (Ausschussdrucksache 19(14)320.1) anlässlich der öffentlichen Anhörung des Ausschuss für Gesundheit des Deutschen Bundestages am 7.6.2021. Ausschussdrucksache 19(14)347(20).

**Rothgang, Heinz / Heinze, Franziska / Wagner, Christian / Kalwitzki, Thomas (2021a):** Auswirkungen der aktuellen Pläne zur Finanzreform der Pflegeversicherung. <https://www.dak.de/dak/download/studie-2413956.pdf>.

**Rothgang, Heinz / Heinze, Franziska / Wagner, Christian / Kalwitzki, Thomas (2021b):** Auswirkungen der Regelungen des GVWG auf die stationären Pflegekosten und ihre Aufteilung. <https://www.dak.de/dak/download/studie-2476878.pdf>.

**Rothgang, Heinz / Heinze, Franziska / Kalwitzki, Thomas (2021c):** Zur Notwendigkeit einer Finanzreform der Pflegeversicherung jenseits der „kleinen Pflegereform“ des GVWG. In: Gesundheits- und Sozialpolitik – Zeitschrift für das gesamte Gesundheitswesen, Heft 4-5: 19-28.

**Rothgang, Heinz / Kalwitzki, Thomas (2021):** Pflegeversicherungsreform 2021 – Was muss geschehen und was geht noch? In: Gesundheits- und Sozialpolitik – Zeitschrift für das gesamte Gesundheitswesen, Heft 2: 6-15, <https://doi.org/10.5771/1611-5821-2021-2>.

**Rothgang, Heinz / Müller, Rolf (2021):** BARMER Pflegereport 2021. Wirkungen der Pflegereformen und Zukunftstrends. Schriftenreihe zur Gesundheitsanalyse – Band 32.