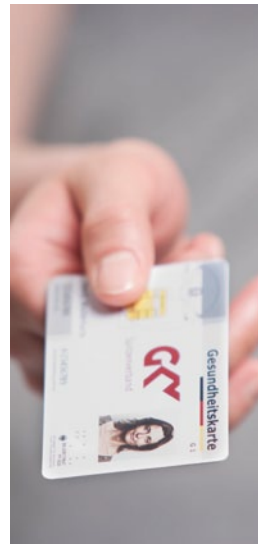




Spitzenverband



Responsibility for Healthcare

The National Association of the Statutory Health
Insurance and Long-Term Care Insurance Funds



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The National Association of Statutory Health Insurance Funds (GKV-Spitzenverband) is the central association of the health insurance funds at federal level in accordance with section 217 a of Book V of the German Social Code (SGB V). It also acts as the central association of the long-term care insurance funds in accordance with section 53 of Book XI of the Social Code (SGB XI). The National Association of Statutory Health Insurance Funds is a public-law corporation with self-government. The name, logo and "reflector strip" are registered trademarks of the National Association of Statutory Health Insurance Funds.

Dear Readers,

Statutory health insurance has undergone a great deal of reforms since it was established in 1883. However, nothing has changed as to its fundamental concept, and this must continue to be the case: Only as a community based on solidarity in which the healthy support the sick, the unmarried support families, higher earners support lower earners and the young support the old, can statutory health insurance also continue to exist. The principle of self-government on which it is based ensures the democratic participation, co-determination and co-decision of the insured and of employers.

Roughly 90 percent of the population of Germany are insured in statutory health insurance today. This guarantees that they share in comprehensive, high-quality healthcare. However, statutory health insurance faces major challenges. Rapid medical and technical progress, with expanded examination and treatment methods and new drugs, pave the way for ever better healthcare. There is however a price to pay: People are living longer, and this leads to an increase in age-related diseases. We do not however consider a combination of minimised basic care and expensive additional insurance to offer a solution to the questions of the future.

The declared aim of the National Association of Statutory Health Insurance



Funds is, rather, to maintain the high level of healthcare in Germany for all insured regardless of their financial capacity, and to develop the healthcare system efficiently, economically and in a quality-orientated manner.

On the basis of close cooperation with our members, we represent the interests of statutory health insurance vis-à-vis health care providers such as physicians and hospitals, as well as policy-makers at federal level. As a strong voice of statutory health insurance, we ensure a healthcare system which is equipped to face the challenges of the future - in the interest and for the benefit of roughly 70 million insured.

Dr. Doris Pfeiffer
Chair of the Board of the
National Association of
Statutory Health Insurance Funds

The National Association of Statutory Health Insurance Funds – a strong player in healthcare

The National Association of Statutory Health Insurance Funds represents all statutory health and long-term care funds at federal level, and lends them a common voice in order to have their concerns heard vis-à-vis policy-makers and health care providers such as physicians, pharmacists and hospitals.

Maintaining and expanding the scope for competition

The demand and the challenge is for the Association to centrally represent the interests of the statutory health and long-term care insurance funds. As an organisation which bears responsibility for the performance of all competition-neutral tasks of statutory health insurance, the Association plays a prominent role for a well-functioning healthcare system.

Creating the framework for healthcare

The tasks which have been assigned to the National Association of Statutory Health Insurance Funds by law are many and extensive. They range from negotiating on contracts and remuneration agreements for both in-patient and out-patient medical and dental treatment which are valid in the entire country, through to providing data for the risk structure compensation scheme, which determines the distribution of finances by the Health

Fund. Together with representatives of physicians, dentists, psychotherapists and hospitals, the Association determines in the Federal Joint Committee what health care benefits are financed by the statutory health insurance funds. Hence, the National Association of Statutory Health Insurance Funds makes a major contribution towards defining the context in which healthcare is provided in Germany. The guideline for its activities is formed by the stipulations contained in the Social Code (Sozialgesetzbuch), on the basis of which it is necessary to organise both high-quality and economical medical care for those with statutory insurance.

The health insurance funds themselves are responsible for all tasks which do not need to be performed uniformly and jointly. These include both individual services and whole ranges of services with which the individual funds can distinguish themselves in competition. This includes discount contracts with the pharmaceutical industry or special contracts with general practitioners. The National Association of Statutory Health Insurance Funds is in favour of maintaining and expanding latitude for competition between the health insurance funds. Its goal is to optimise the quality of care in the healthcare

"As the mouthpiece of the statutory health insurance funds, we express the concerns of roughly 70 million people in statutory insurance at federal level. Our goal is to continue to guarantee them a high quality of healthcare."



system with a sensible mix of collective and individual contracts.

The decisions of the National Association of Statutory Health Insurance Funds are legally binding on all health insurance funds, Land associations of the health insurance funds and those with statutory insurance. This character of its resolutions as setting laws and provisions makes the National Association of Statutory Health Insurance Funds distinct from most other associations and lobbies. At the same time, it therefore ensures that all statutory insured have the same access to the high level of care quality provided by the German healthcare system.

The principle of self-government

The National Association of Statutory Health Insurance Funds is a public-law corporation. It is organised in accordance with the principle of self-government, that is representatives of employers and insured make all decisions of fundamental significance.

Representation without state influence

This ensures that the Association is able to represent the interests of its members independently of state influence. It is headed by a full-time Board comprising

three members which represents the Association both in and out of court. The Board is elected by the Administrative Council, which consists of 52 representatives of insured persons and employers from the Allgemeine Ortskrankenkassen (Local Health Insurance Funds) (AOK), the Ersatzkassen (Substitute Funds), the Betriebskrankenkassen (Company Health Insurance Funds) (BKK), the Innungskrankenkassen (Guild Health Insurance funds) (IKK), the Knappschaft (Miners' Insurance Institution) and the Landwirtschaftliche Krankenkassen (Agricultural Health Insurance Funds).

The National Association of Statutory Health Insurance Funds is characterised by a lean organisational structure and flat hierarchies. Its many tasks are implemented by nine divisions and five staff departments. The Association maintains a close, trusting exchange with its members. It is a matter of involving the health insurance funds in opinion-forming and at the same time being able to act externally as a political association. This is a successful approach: The National Association of Statutory Health Insurance Funds has become a strong stakeholder of health policy at federal level which is engaged in a critical but constructive exchange with policy-makers in the interest of its members.

Joint tasks on a one-stop basis

Three major areas, roughly 200 tasks

The National Association of Statutory Health Insurance Funds is responsible for all statutory tasks of statutory health insurance in which it is necessary to act jointly and uniformly. Three major areas with a total of roughly 200 tasks can be distinguished: Firstly, the National Association of Statutory Health Insurance Funds helps shape the framework for health care and long-term care all over Germany. Secondly, it represents the interests of those with statutory insurance vis-à-vis health care providers and policy-makers. And finally, it is responsible for major funding-related matters and a large share of the data management within statutory health insurance.

The first field includes shaping the entire collective bargaining system relating to statutory health insurance. This includes above all concluding framework contracts and remuneration agreements for in-patient, out-patient and dental care. Over and above this, the Association sets the reference prices for medicines and therapeutic appliances. By drafting new guidelines and concluding agreements, it furthermore endeavours to improve care and defines principles for prevention and rehabilitation.

As the central lobby working for the statutory health and long-term care insurance funds, the National Association of Statutory Health Insurance Funds actively monitors and shapes legislative

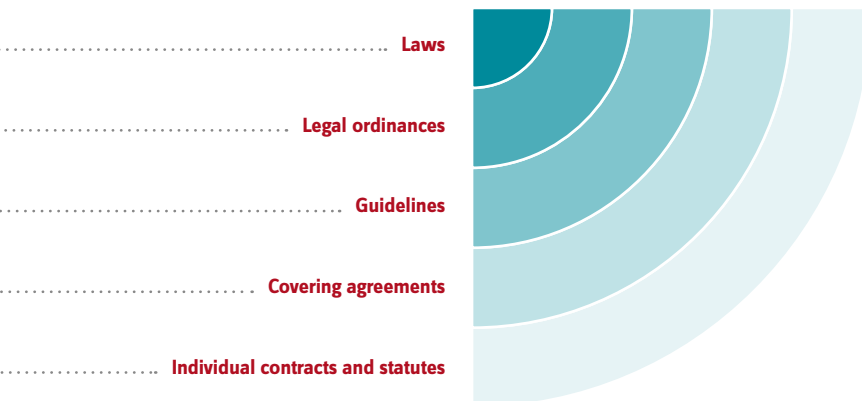
National Association of Statutory Health Insurance Funds advises	Parliaments (Federation and Länder)
National Association of Statutory Health Insurance Funds advises	Ministerial level (Federation and Länder)
National Association of Statutory Health Insurance Funds provides 5 voting members (health care providers 5, non-partisan 3)	Federal Joint Committee
National Association of Statutory Health Insurance Funds concludes contracts	National Association of Statutory Health Insurance Funds and contracting partners
National Association of Statutory Health Insurance Funds creates framework agreements	Health insurance funds and contracting partners

procedures on health policy at federal level, is active in many discussions with specialist politicians for the interests of statutory health insurance and represents its positions towards the media. Furthermore, it represents the health insurance funds in the Federal Joint Committee, the highest decision-making body of joint self-government of the physicians, dentists, psychotherapists, hospitals and health insurance funds.

Advice on system-related questions

The list of the tasks performed by the National Association of Statutory Health Insurance Funds also includes many system-related questions concerned with the funding of statutory health insurance. It is therefore a member of the statutory

health insurance “Schätzerkreis” group of assessors, which issues prognoses on financial developments in statutory health insurance and advises the Federal Government. Furthermore, the National Association of Statutory Health Insurance Funds establishes standard regulations on assessing contributions for voluntary members, as well as the per capita flat-rate contribution from the Health Fund (Programmkostenpauschale) for the treatment of those with chronic illnesses. And finally, it is responsible for receiving, verifying and forwarding official statistical data and data from the risk-structure compensation scheme, which determines the amount of allocations from the Health Fund, and hence the financial compensation between the health insurance funds.



Statutory health insurance – a strong community based on solidarity

Statutory health insurance is a social policy success story for which quite a number of countries envy us. It is based above all on two fundamental principles which remain valid today: The solidarity principle and the principle of benefits in

The solidarity principle and the principle of benefits in kind are the basic values underlying statutory health insurance

kind. The solidarity principle means that the amount of the contributions is orientated exclusively to the financial capacity of the insured – in contrast to private health insurance, which assesses the contributions according to personal risk. The right to medical benefits, in turn, is independent of the amount of contributions paid.

The benefits are hence solely orientated towards medical needs. As a community based on solidarity, statutory health insurance brings about a social equalisation: The healthy support the sick, higher earners support lower earners, the young support the old and singles support families. This means, for instance, that children and spouses of a statutory health insurance member are also insured without paying contributions if they do not have an income of their own.

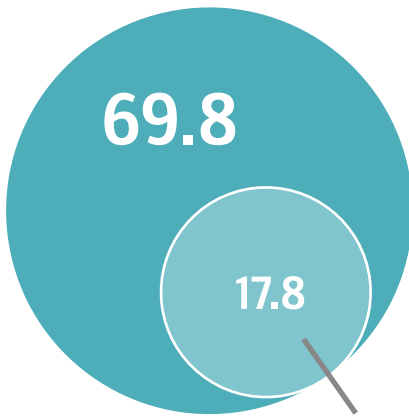
Benefits without up-front payments

A second vital pillar of statutory health insurance is the principle of benefits in kind: Should they fall ill, insured receive the medical benefits which they need without having to make any up-front payments themselves. The principle of benefits in kind hence particularly protects those in a weaker position in society against overwhelming financial burdens. The principle of benefits in kind is based amongst other things on contractual agreements between the National Association of Statutory Health Insurance Funds and its contracting partners, that is the health care providers at federal level, which control the nature and scope of medical and long-term care.

On the basis of these fundamental values, the National Association of Statutory Health Insurance Funds endeavours to ensure healthy competition between health insurance funds and health care providers. It is only as a community based on solidarity holding true to its proven principles and at the same time not shying away from modern competition concepts that statutory health insurance will be able to successfully face up to the health policy challenges of an ageing society.

Those with health insurance in Germany in millions

with statutory health insurance



of that non-contributing
insured family members

with private health insurance



Source: KMI official statistics of the Federal Ministry of Health,
Association of Private Health Insurance Funds; as of June 2012

Support in case of needing long-term care

More than two million people in Germany today rely on care or support because they are no longer able to carry out the regular tasks of daily life independently due to a physical, mental or psychological illness or disability. Social long-term

The health insurance funds are at the same time long-term care insurance funds

care insurance is there for them, and was introduced in 1995 as a further pillar of German social insurance. The long-term care insurance funds are the institutions of social long-term care insurance, and form part of the system of health insurance funds. This means that each health insurance fund houses a long-term care insurance fund. The long-term care insurance funds are also independent public-law corporations with self-government. The self-government bodies of the long-term care insurance funds are the bodies of the health insurance funds. And the National Association of Statutory Health Insurance Funds is at the same time the central association of the long-term care insurance funds.

Assistance based on solidarity, not comprehensive insurance

Long-term care insurance ensures support based on solidarity for those in need of long-term care to enable them to lead a life that is as self-determined as possible. Their benefits are to supplement family, neighbourly and other voluntary care and support. In in-patient nursing care, the benefits of long-term care insurance are to reduce the burden of those in need of long-term care in terms of the expenditures caused by such care. Accordingly, long-term care insurance provides partially-comprehensive insurance cover, offering supportive assistance, but not obviating the need for the insured and other funding institutions to contribute towards the cost.

The level of need of long-term care determines which benefits are received by those in need of long-term care. Long-term care insurance provides in this context benefits as cash benefits and/or benefits in kind with which basic long-term care and domestic care are funded. Further benefits such as long-term care courses for family members providing care or nursing aids are provided. If domestic long-term care is not possible, the costs of residential home stays are met in part.

Improving quality and transparency in long-term care

The National Association of Statutory Health Insurance Funds is endeavouring to ensure better long-term care in Germany. For instance, in the field of long-term care insurance it has agreed with the health care providers on an evaluation system on the quality of the long-term care facilities. These so-called "long-term care grades" ensure transparency with regard to the quality of residential homes and out-patient long-term care services for the first time in Germany. Additionally, the National Association of Statutory Health Insurance Funds has issued a large number of guidelines, for instance on additional long-term care staff for those in residential homes suffering from dementia.

Long-term care insurance has proven its worth as an important pillar of social insurance when insuring against the risk of needing long-term care. However, what has been tried and tested can and should be continuously refined. For this reason, up to five million Euro per year are provided for pilot projects in the field of long-term care insurance. The promotion aims to refine the care structures and concepts of long-term care insurance with regard to new forms of care for those in need of long-term care, to support promising, quality-assured care methods and to modernise existing long-term care services.

Continuous further development of the care structures



Self-government stands for democracy and co-determination

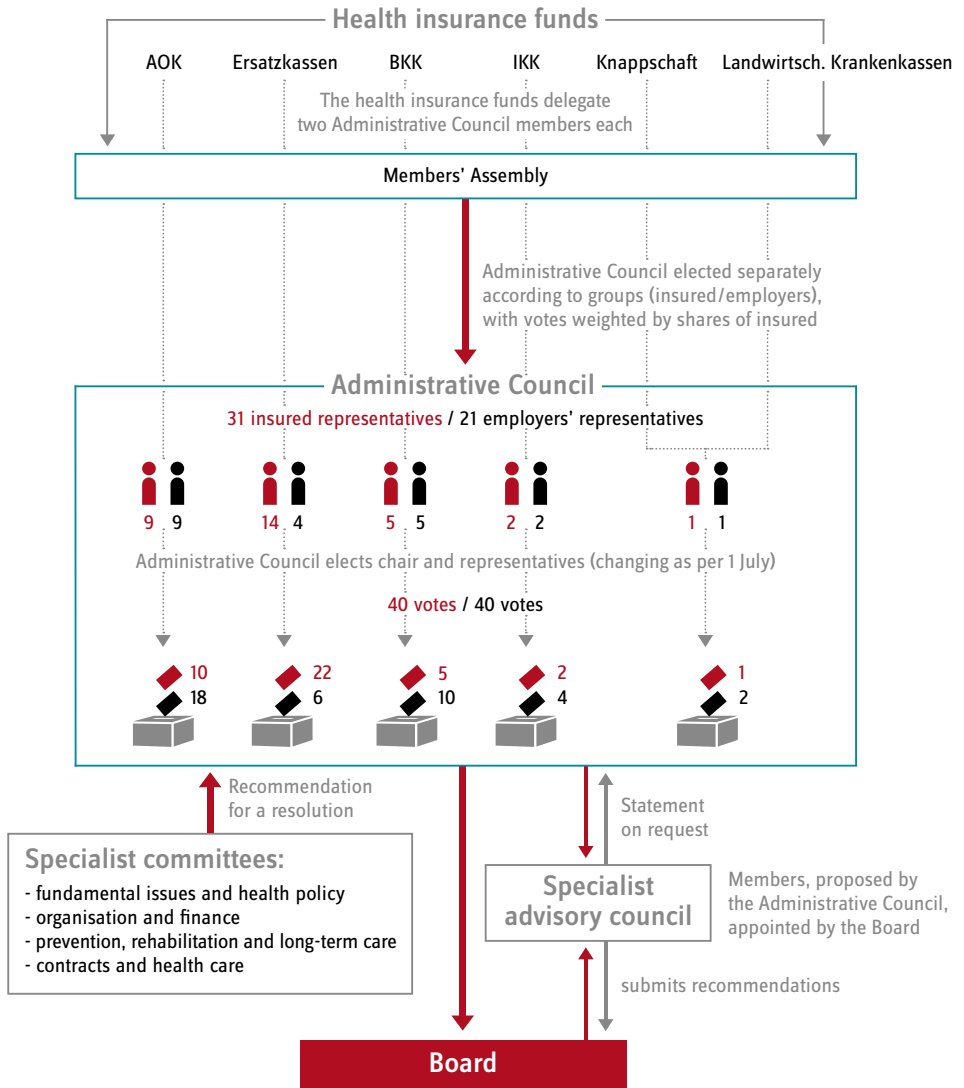
The principle of self-government is based on a simple realisation that if those involved look after their own affairs, they usually do so in an unburdened, problem-orientated and practical manner. For this reason, this democratic element can be found in many areas of public life in Germany. From the outset social security for those who fall ill, too, was organised with as little state intervention as possible, and has since then proven to be a guarantor of a free, pluralistic system which guarantees high-quality healthcare for all insured. Self-government manifests itself in the decision-making bodies of the social insurance institutions being in most cases composed of equal numbers of representatives of the employers and of the insured, who are re-elected by insured and employers every six years in social insurance elections.

The Members' Assembly elects the Administrative Council

Self-government is the underlying principle of statutory health and long-term care insurance. This applies both to the individual health and long-term care insurance funds, and to the National Association of Statutory Health Insurance Funds. The Association's Administrative Council is elected every six years in the Members' Assembly, to which each fund delegates one representative of the insured and one representative of the employers. Some of the Substitute Funds are an exception, and for historical reasons delegate two representatives of the insured each. The delegates' voting shares correspond to the market share of their respective health insurance fund. The full-time Board is elected by the Administrative Council, which also adopts the budget.



The structure of the National Association of Statutory Health Insurance Funds



Organisation of the National Association of Statutory Health Insurance Funds

Chair of the Board

Dr. Doris Pfeiffer



Policy
Staff Department
Michael Weller

System-related Issues
Division
Dr. Pekka Helstelä

Communications
Staff Department
Florian Lanz

IT System Issues / Telematics
Division
Rainer Höfer

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Staff Department
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**German Liaison Agency
Health Insurance - International
Division**

Hans-Holger Bauer

**Medicines and Remedies
Division**

Dr. Antje Haas

**Central Services
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