



The care market in Germany 2007

Care insurance in Germany

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I. Care Services

A right to care has to be certified by the Medical Service of the Health Insurance Organisation.

a) Home care (domiciliary care)

Outpatient care can be provided as

- Non-monetary care (care carried out by outpatient carers) or
- Monetary care (payment of money and care carried out by family or members)
- A combination of non-monetary and monetary care



Those in need of care who are treated by a carer (non-monetary care) receive, depending on the level of care, the corresponding amount of care from the Care Insurance:

Outpatient	Previously	2008	2010	2012
Level I	€ 384	€ 420	€ 440	€ 450
Level II	€ 921	€ 980	€ 1,040	€ 1,100
Level III	€ 1,432	€ 1,470	€ 1,510	€ 1,550



b) Residential care

Those in need of care who live in a home receive, depending on the level of care, the corresponding amount of care from the Care Insurance:

Inpatient	Previously	2008	2010	2012
Level I	€ 1,023	€ 1,023	€ 1,023	€ 1,023
Level II	€ 1,279	€ 1,279	€ 1,279	€ 1,279
Level III	€ 1,432	€ 1,470	€ 1,510	€ 1,550
Level III Hardship case	€ 1,688	€ 1,750	€ 1,825	€ 1,918



Around 677,000 people receive inpatient care from Care Insurance (of these approx. 231,000 Level I, approx. 293,000 Level II, approx. 141,000 Level III).

This includes fixed sums for the cost of basic care, social care and medical treatment care. These costs are covered to the extent of the respective fixed sum.

In addition there are costs for accommodation and catering for living in a home and the necessary business investment – in general this is the cost of the property and its equipment . These costs have to be paid by the people in need of care themselves.



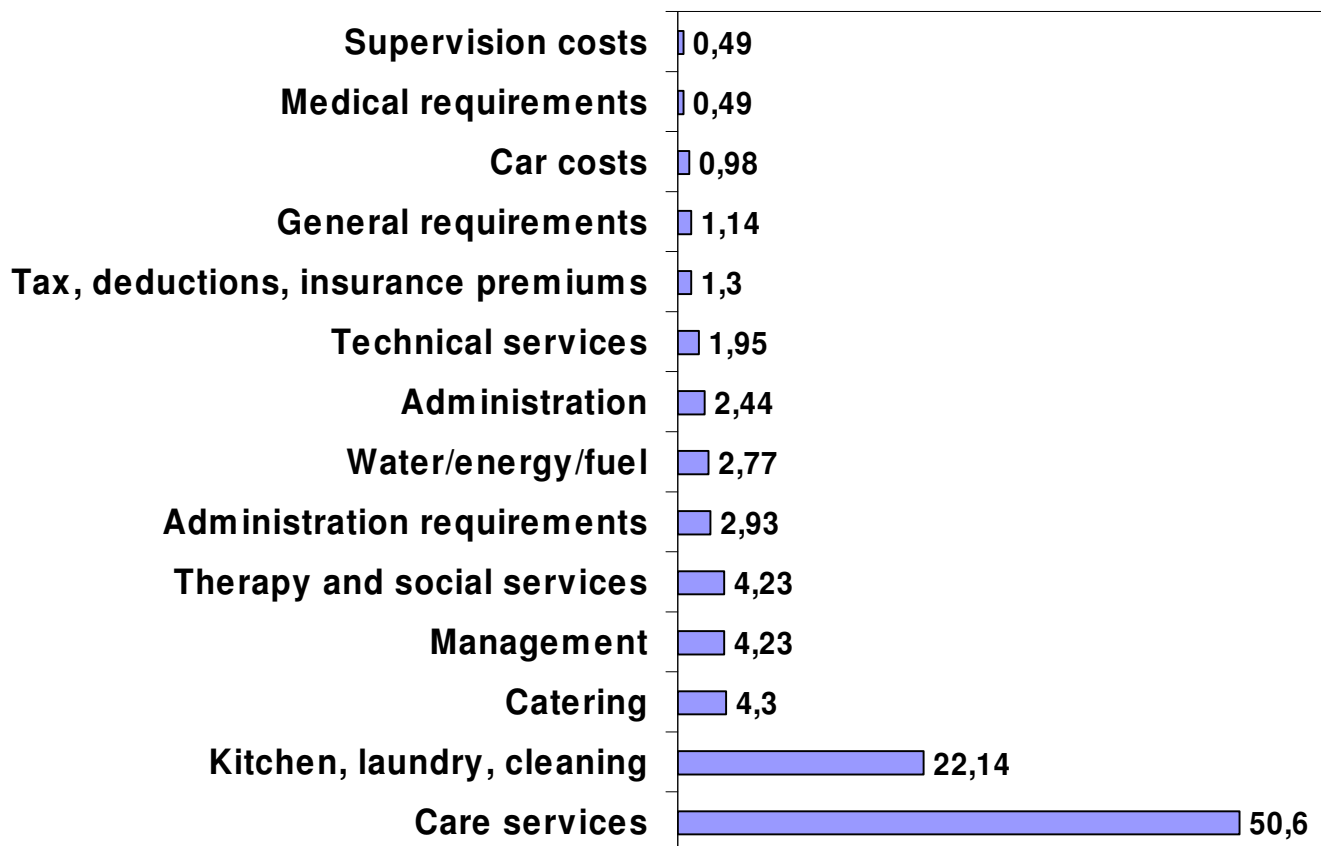
Average German home costs not including investment costs

Care Level I	Care Level II	Care Level III	Accommodation/ Catering	Total/ Day	Total/ Month	Contribution Care Fund	Own Contribution
42.00			19.00	61.00	1,854.40	1,023.00	831.40
	56.00		19.00	75.00	2,280.00	1,279.00	1,001.00
		70.00	19.00	89.00	2,705.60	1,432.00	1,273.60

Amounts in Euro. Source: Care Statistics 2005



Allocation of costs of a nursing home in %:





Assistance from Social Security

If the care approved by the Care Insurance together with the own contribution of the home resident (pension income, property) are not sufficient to cover the costs of the care or home costs it is possible to claim Social Security assistance. The decision regarding an application for payments from the Social Security authorities always depends on means-testing. This is carried out by the appropriate German Social Security authorities in the individual federal states.



Requirements

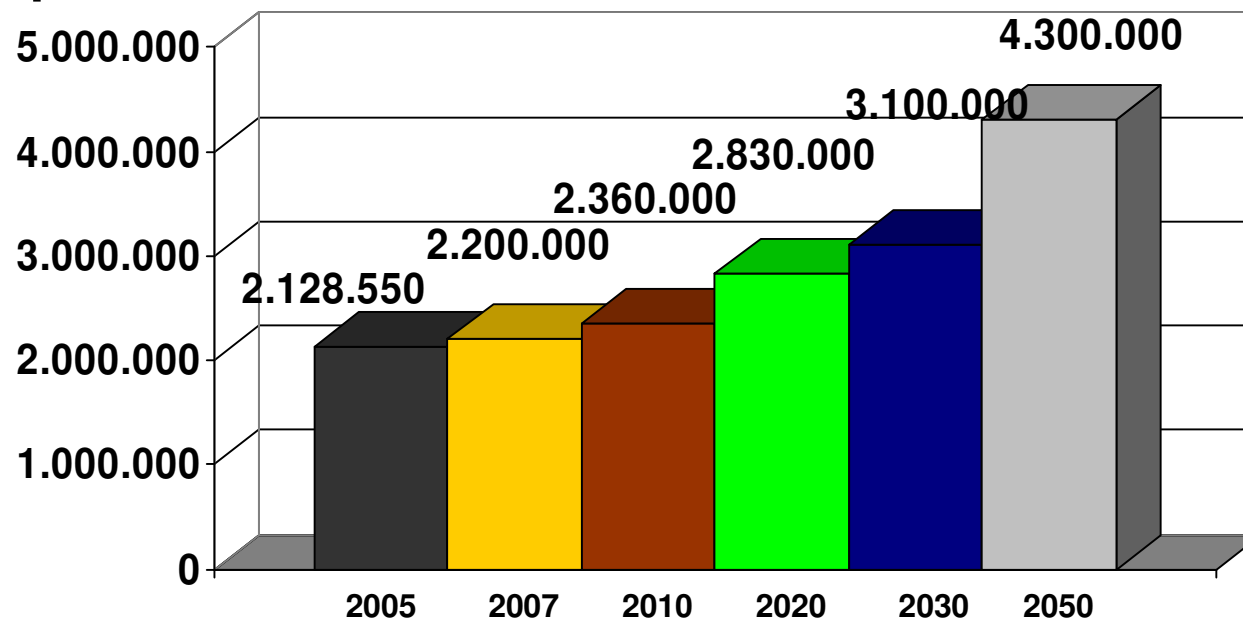
Those wishing to run a nursing home have to fulfil the following conditions:

- Conclusion of a care contract with the care funds
- Conclusion of a pay agreement
- At least 50 % trained staff
- Licence to operate from the Home Supervision Authority
- ...



II.) Development of the market

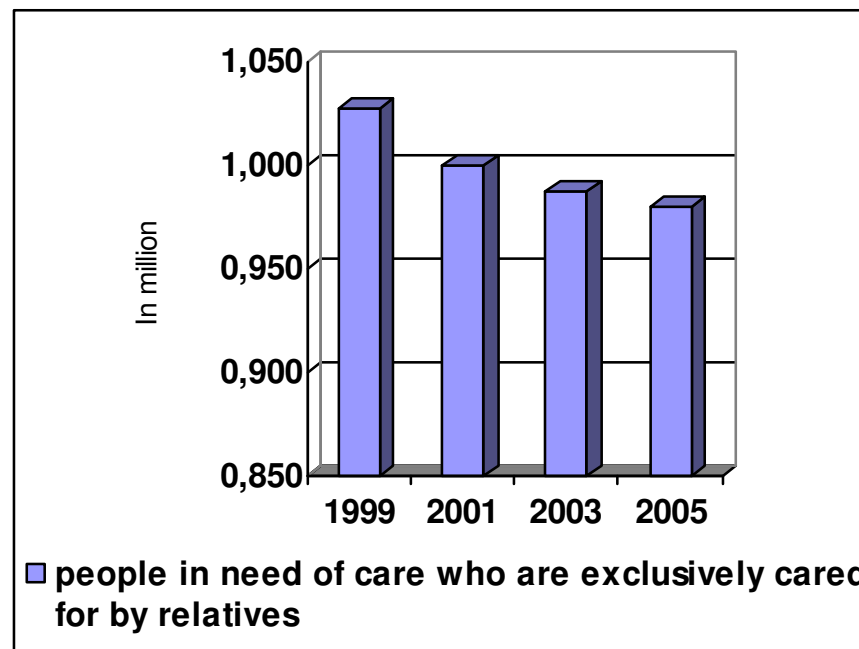
Previous increase in people needing care and expected development





Trend towards professional care

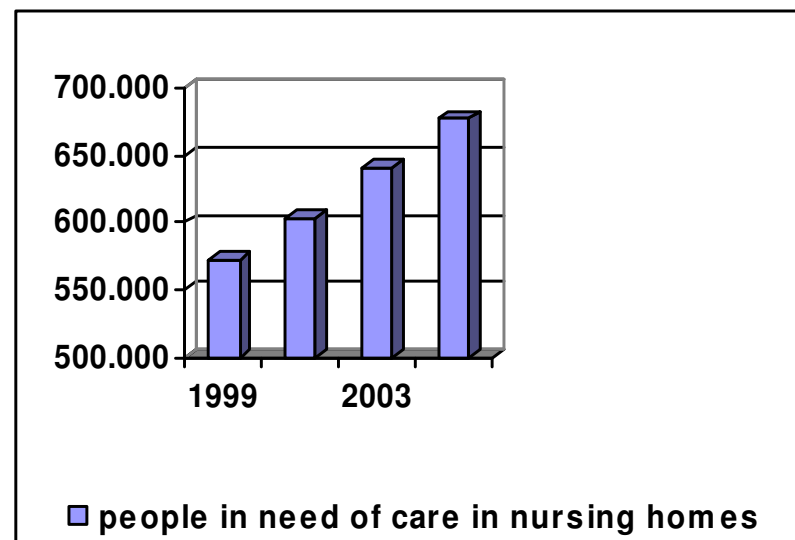
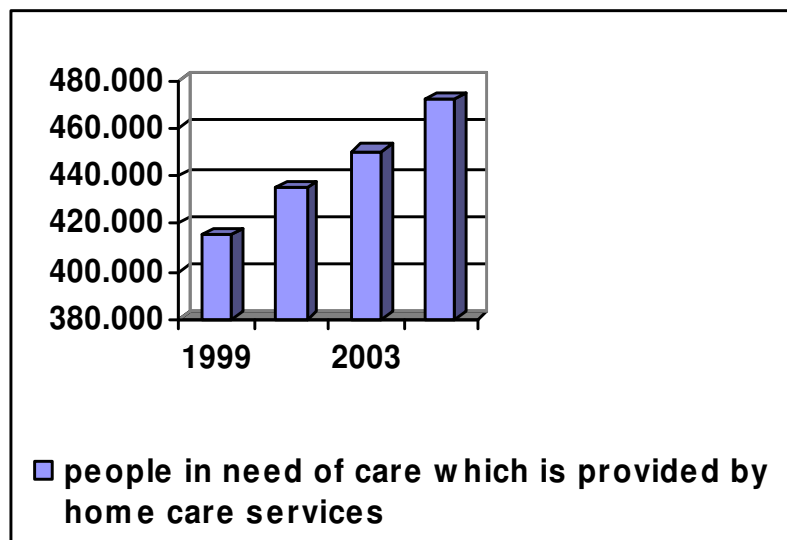
Between 2001 and 2005 the number of people in need of care who were exclusively cared for by relatives sank from 1,000,000 to 980,000.



Source: German Office for Statistics, Care Statistics 1999, 2001, 2003, 2005



At the same time the number of people in need of care provided by care services has increased (from 435,000 in 2001 to 472,000 in 2005) and those living in nursing homes (from 604,000 in 2001 to 677,000 in 2005):



Source: German Office for Statistics, Care Statistics 1999, 2001, 2003, 2005

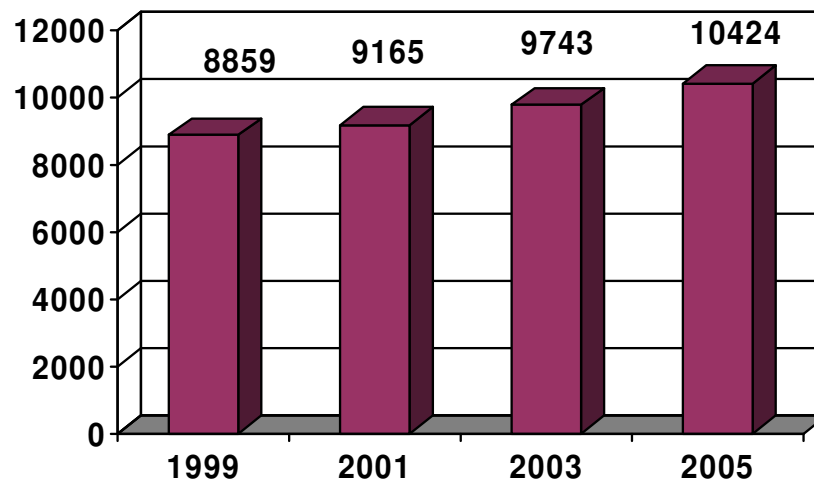


The care market is not only growing because more and more people need care, it is also due to the increasing number of single households and a lack of carers and the fact that an increasing number of people in need of care require the support of care services and nursing homes.



Number of care institutions

The increasing demand for care services has led to a growing number of care institutions. More and more care is provided by private nursing homes.



Number of German Nursing Homes - Source: German Office for Statistics



The need for care is increasing and the care market is growing. From 2003 to 2005 approx. 72,000 more people were cared for in or by care institutions (home care and nursing homes).

This is an increase in the number of people cared for professionally of approx. 3.4%. During the same period the number of nursing homes grew by approx. 7%.

It is notable that, as in the past, the proportion of private institutions has grown much more quickly than that of other care providers.



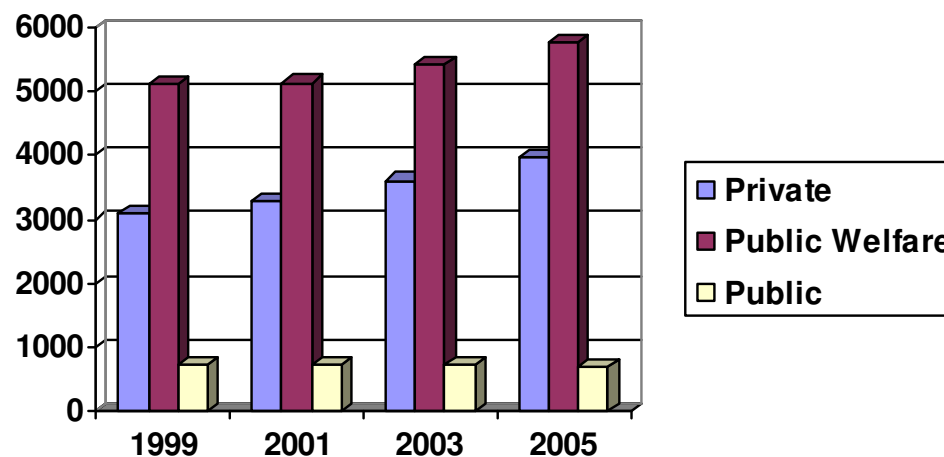
Proportion of private care institutions

The proportion of private care institutions has further increased. 38 % of the nursing homes and 58 % the home care institutions in Germany are private organisations (as of 15 December 2005).



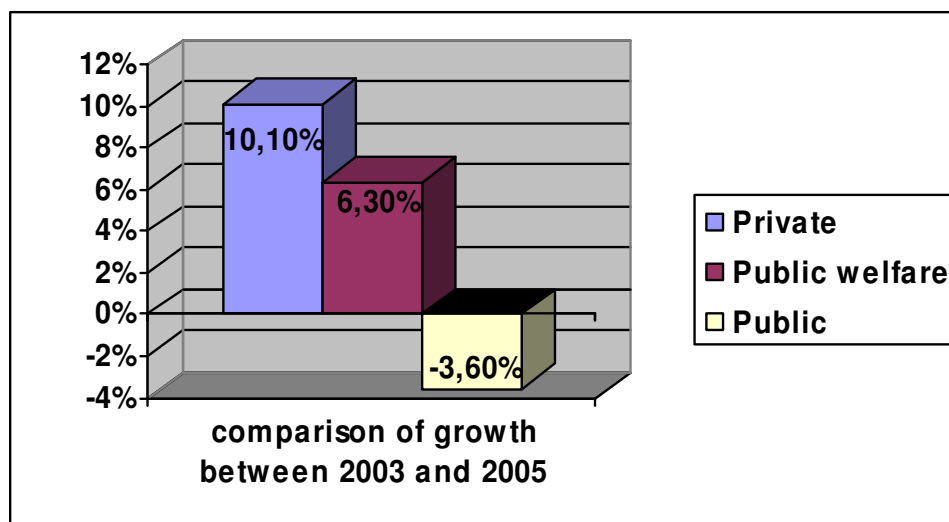
Proportion of private care homes

Of the 10,424 nursing homes 3,974 are in private ownership. 5,748 homes are run by the Free Public Welfare (as of 15 December 2005; Source: German Office for Statistics).





In absolute numbers more homes for the elderly and nursing homes are run by charities than are in private ownership. If, however, as shown in the following chart, the percentage of growth is taken into consideration it can be seen that the proportion of private homes is growing much more dynamically than the proportion run by public welfare organisations:

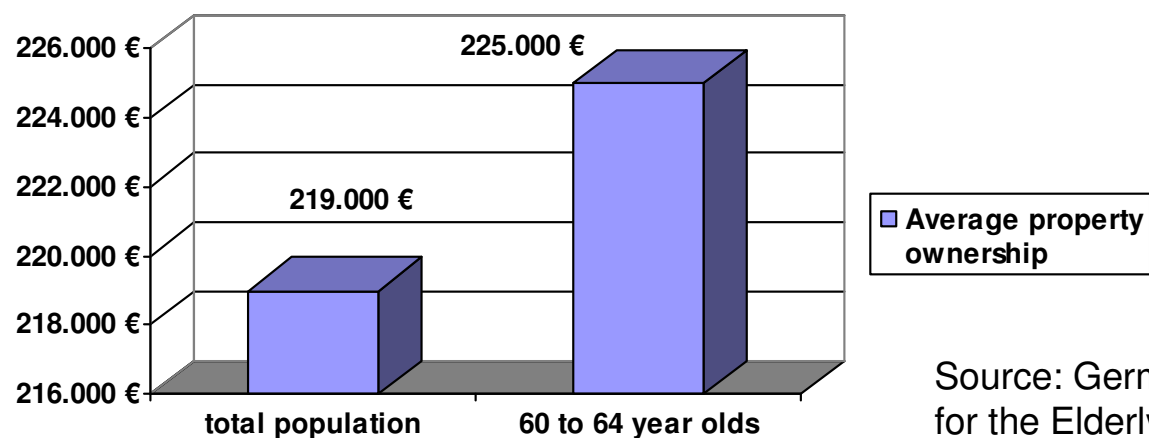




Development of purchasing power

Purchasing power of the over 60s

Older people and their consumption is an important economic factor. The purchasing power of older people in Europe has been calculated at more than Euro 30 billion each month, for Germany alone it amounts to Euro 7 billion each month.



Source: German Minister for the Elderly People



The average value of property owned by the age group 60 – 64 at approx. Euro 225,000 per household is clearly higher than the average for the whole population with an average value of Euro 219,000.

	Whole population	From 60
Share ownership	16 %	24 % - 44 %

Source: German Minister
for the Elderly People



Older people have an above average level of savings, shares and other investments in all household categories.

In the case of shares alone the percentage values for people from the age of 60 amount to between 24 and 44 percent in comparison with 16 percent for the whole population.

At the same time far fewer older people live below the poverty line (less than 50% of average per capita income) than young families with children. (Source: German Minister for the Elderly People)



- Older people: about 18% of the total population
- The majority of older people live in two-person households
- Slightly above average earnings
- In the last 20 years: a clearly improved income situation
- Improvement by more than 10 percentage points
- Proportion of poor older people reduced by 10%
- Poverty in old age above all for old women who outlive their partner

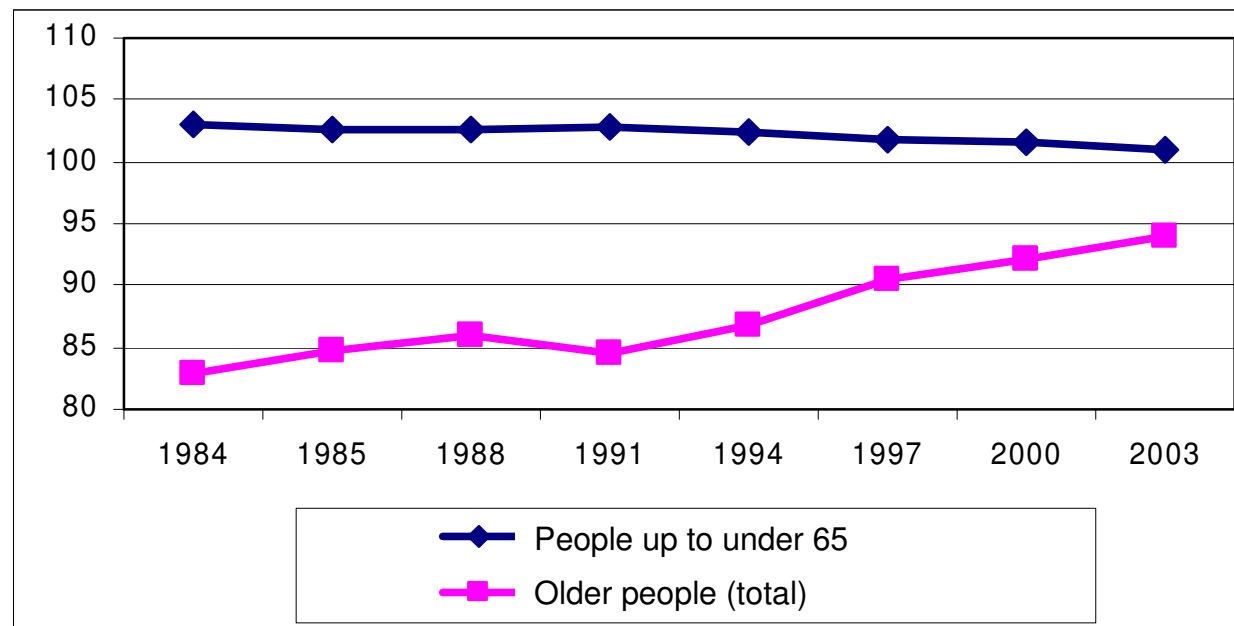


Reasons for the favourable developments for older people:

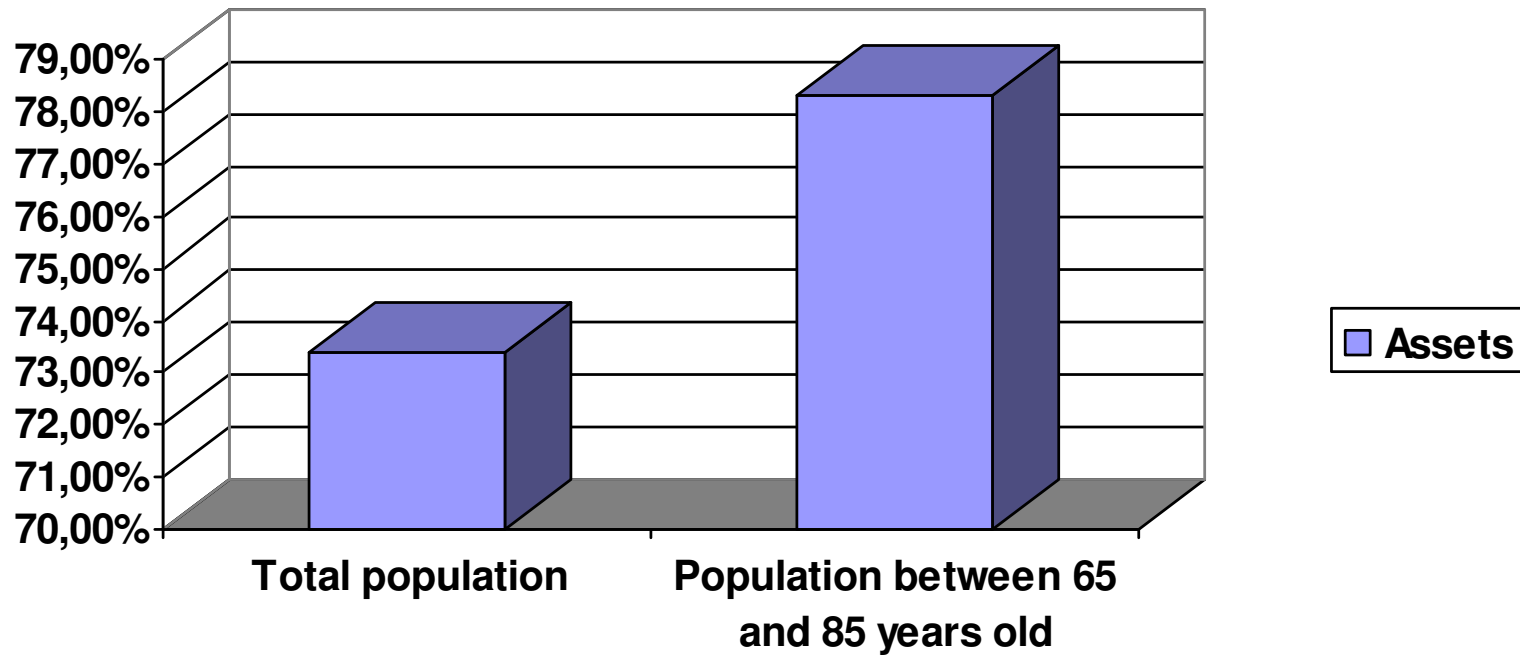
- Employment in the post-war boom
- Relatively high pensions (state pension, company pension)
- Relatively high rates of savings



Income situation for selected groups in Germany 1984-2003 (Total population = 100)



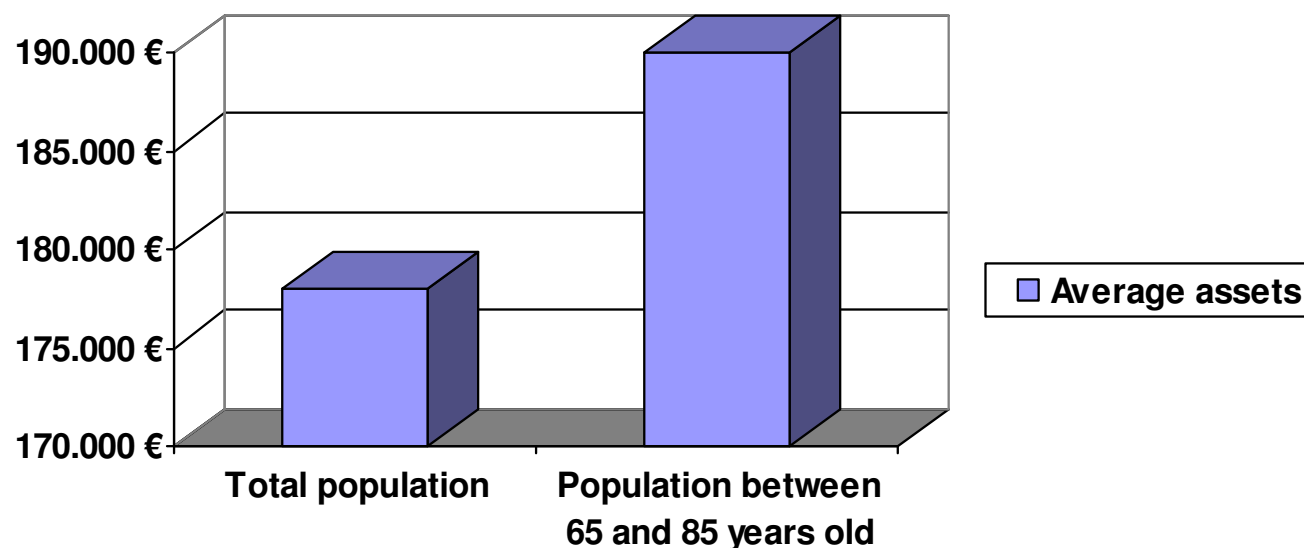
Source: Markus M. Grabka, Socio-Economic Panel, DIW



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78.3% of the population between the ages of 65 und 85 have assets in comparison with 73.4% of the total population. Their average assets at approx. Euro 190,000 are higher than those of the total population at around Euro 178,000.



Source: Markus M. Grabka, Socio-Economic Panel, DIW



Prognosis

- The German population will shrink from 82.3 m to 68.8 m by 2050. At the same time the proportion of people aged over 85 will increase.
- The proportion of people in need of care will more than double by 2050.
- The proportion of people suffering from dementia will also increase from 1 million to 2 million.
- By 2020 about 180,000 to 220,000 new home places will be needed, however these will be distributed very unevenly amongst the regions.
- Investment requirements for inpatient care will amount to approx. Euro 15 billion in Germany by 2020.



Thank you!