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O. Ruth Aron

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The German Compulsory Health Insurance System

By DR. O. RUTH ARON, '41

THE DRAFT Compulsory Insurance Bill, which was announced as early as 1881, was presented in the German Reichstag in 1882, and became a law, with some amendments, in 1883. This step reached the most important milestone in the development of social legislation in Germany. In the course of the following years the circle of persons liable to insurance was repeatedly enlarged and the extent of the benefits steadily increasd.

In 1911, the Federal Insurance Code combined the Compulsory Sickness Insurance Act and the more recent acts for protection against invalidity and accidents. At the same time a provision for surviving dependents was introduced. In the very beginning the whole insurance system was based upon sickness insurance. However, the logical development was not only to give protection in case of sickness, but also to protect against invalidity, accidents and old age.

Also, in 1911, a Salaried Employees' Insurance Act protecting them against invalidity, old age and death was passed and remained distinct from the Federal Insurance Code.

As many alterations were necessary in all branches of insurance, both the Federal Insurance Code and the Salaried Employees' Insurance Act had to be reenacted in 1924 and 1925. Shortly before, all German miners' benefit societies had been united in one body, called the Federal Miners' Benefit Society. The Federal Insurance Code was reenacted again in 1926.

In other words, the legal position of German Compulsory Insurance today is regulated by the following important separate acts:

(1) Compulsory sickness insurance for all employees of a certain status. In addition, this insurance covers the families of the insured employee.

(2) Permanent disability and old-age insurance. This insurance gives pension in cases of permanent disability and gives pension for all employees, beginning with their sixty-fifth year of age, whether they then earn their living or not.

(3) The Salaried Employees' Insurance, which gives the insurances mentioned under 1 and 2 to salaried employees.

(4) Special insurance system for the miners.

These four acts and the regulations for medical and dental services for all branches of all systems are codified in the Federal Insurance Code.

In spite of all repeated reenactments, necessitated especially after the first World War when completely new and changed economic conditions had to be met, a unified system of insurance institutions could not be formed, nor could standardized insurance principles be worked out. The whole legislation, with its numerous provisions, has been difficult to understand and to survey. Indeed, its number of sections is only exceeded by the Civil Code.

Organization

Health insurance grants rights, and at the same time imposes duties on large groups of the population who live on a standard which, in case of sickness, makes it impossible for them to support themselves and their dependents, i. e., the right to the minimum of assistance necessary to protect them from physical deterioration and actual need.

In return for this right, workmen and employers have the duty to build up the financial resources for carrying on sickness insurance, which no doubt involves a limitation of individual freedom. The employer is compelled by law to contribute one-third; the workman, two-thirds of the rate. This rate is calculated as a percentage of the so-called "basic wage" which is a certain part of the actual wage. The employer is responsible for the correct and punctual payment of all fees due.

Beginning with the very day that a workman enters into paid employment, he is guaranteed the minimum of medical treatment in case of sickness, and assistance in preventing sickness, regardless of his age and of any physical disabilities from which he is already suffering.

A person who loses his employment (which, as mentioned before, entitles him to all rights granted by health insurance), loses his membership with his sickness fund; but he is taken care of by it for the three following weeks. If after those three weeks he is still unemployed, especially those groups of

the population who belong to the seasonal labor market, he enters the compulsory insurance against sickness at the expense of the community. In that instance, his family is automatically insured together with him, as is the case at the time of his employment. The development has shown that a better result in regard to social hygiene is gained when assistance is given not only in respect to the individual patient, but also where his surroundings in his daily work, as in his home, are taken in consideration. Therefore, sickness protection for the uninsured family members of the insured wage-earner has been extended more and more, beginning with maternity welfare. This is done without legal compulsion and without raising the amount of contribution.

During periods of involuntary unemployment, the contributions, which the insured person and the employer stop paying, are paid for the workman by the unemployment insurance funds or by special unemployment guarantee funds, either for a certain period of time or up to a limited amount. This is done in order that he might not lose his insured status and obtain lower benefits than he would otherwise do in case of invalidity, old age or death.

In case an insured person becomes sick and is not able to work and does not earn his wages, thereby becoming unable to pay his contribution, the sickness insurance fund pays his due contributions for him to the invalidity, old-age and death insurance, for the reasons previously mentioned.

The sickness funds are organized either on a local or on an occupational basis. To the first type belong the General Local Sickness Funds and the Rural Sickness Funds; to the second type belong the Special Local Sickness Funds, the Labor and Guild Sickness Funds, the Miners' Benefit Societies and the so-called Substitute Funds. The Legal Sickness Funds embrace the General and Local Sickness Funds, the Rural Sickness Funds, Labor Sickness Funds and Guild Sickness Funds. These and the Miners' Benefit Societies are compulsory. The Substitute Funds are formed without compulsion.

Dental Benefit

Dental treatment has been provided by the sickness funds. The experience gained in nearly fifty years changed the atti-

tude of the insurance funds in the field of dental benefits considerably. Originally, nothing more was granted than treatment of acute toothache and extractions of teeth and roots. Very soon the benefits were extended and contributions were made toward the cost of artificial teeth when loss of teeth might cause internal disturbances, especially in the digestive system. Next, the first symptoms of caries were considered as impairment of general health, and measures for preventive treatment were included in dental benefits. The next step was to grant dental treatment to the uninsured family members of the insured wage-earner, as was the case in medical benefits. More and more the insight gained ground, and the statistics showed that it was best for the patient and cheapest for the sickness funds when dental treatment was begun in very early childhood and regularly continued during school years. Otherwise, persons of an age to be insured with sickness funds often showed neglect of their oral defects to the extent that the cost for their treatment when entering employment became extraordinarily high. For this reason, some of the sickness funds had their own school dental clinics, or paid contributions to the municipal school dental clinics in order to promote oral health among the youth.

While the treatment of teeth falls under the heading of "sickness benefits," and consequently the cost for treatment is paid by the sickness funds, the law provided that the institution for invalidity insurance had to contribute its share for dentures when they became necessary for the patient's general health and to avoid premature invalidity.

Accordingly, the Federal Insurance Institution for Salaried Employees, grants a contribution for dentures and partial fixed dentures when certain requirements on the part of the member are fulfilled (length of time of membership and so forth).

This is only a very gross outline of the whole organization, which, as mentioned in the beginning, was very difficult to survey and to handle, as the instance of the distribution of costs for dentures will show where I purposely (as the article otherwise will become still more technical and much too complicated) did not mention the situation with the Miners' Benefit Societies in regard to dental treatment, and did not discuss

the numerous cases where sickness funds founded their own dental clinics.

But, in order to show only one of the many complications: Some of those dental clinics treated only their insured wage-earners, while the family members had to go to one of the admitted private dentists. Some dental clinics treated only the family members but not the insured wage-earners. Some clinics did only denture work, others did only operative dental work, still others did denture work but only for family members and not for the insured member, and so forth. All those regulations were never stable. They were changed again and again, according to the statistics which showed what was best for the administration of the funds.

Now, as to the situation of the dentist. It has been left to his own decision whether or not be wanted to practice for health insurance. There has never been any compulsion in any respect. Of the approximately 8,000 German dentists, 6,000 practiced for health insurance. To gain admission to practice for health insurance was not as easy for the dentist as it was for a physician, whose admission was regulated by law and facilitated by the fact that there existed only one medical association, which made and controlled all contracts with all sickness funds. Up to 1933, the dental profession was split into two groups which were represented by two dental associations, which because of political reasons were not on good terms with each other. Therefore, one could only belong to one of them, and this meant that one was only admitted to those funds which held contracts with that dental association, while other funds had made their contracts with the second dental association, for which to work one lost the possibility by the fact that one belonged to the first dental association. There were many funds which made their contracts with the dentist directly, but the dentist was only allowed to sign the contract when it was approved by his dental association, which procedure had its advantages and was done for the protection of the dentist. Besides those contracts that the dentist got by entering one of the dental associations (which in 1933 were unified into one), it was up to his own ability to become admitted to those funds that were essential for the building of a practice in the neighborhood that he had chosen for his office.

There was no limit as to the number of patients coming to the dentist's office. The dentist could treat as many patients as he was able to and was allowed to employ assistant dentists. There were big practices with up to six and more full-time assistant dentists.

An immense amount of bookkeeping and record-keeping was involved. Every fund had its special identification cards, its own special files and charts, its own prescription blanks, differently colored for insured members, for unemployed members and for family members.

The work done in the patient's mouth was regularly controlled by special dentists, which was done for the protection of the patient and the protection of the sickness funds themselves.

Every fund had its own regulations in regard to dental service. One paid for anesthesia in extractions only for the insured wage-earner and not for the family members, one allowed three fillings a mouth, another four fillings in three mouths, one gave contributions for crown and bridge work, the other one did not. All these regulations were changed again and again, and it was difficult not to make a mistake.

All in all, the German Compulsory Sickness Insurance has been a monumental legislation which has played two important roles in the economic crisis from which Germany and all social levels of its population suffered after the first World War. It established an extraordinarily high health standard among the working population, and it maintained both medical and dental professions.

Statistics have shown that the physician's and the dentist's fees formed the largest part of all expenditures on medical and dental treatment paid by the sickness funds. On the other hand, the fees paid by the sickness funds for medical and dental treatment formed a considerable fraction of the total income of physicians and dentists.

REFERENCE

Goldmann and Grotjohn, Benefits of the German Sickness Insurance System, Published in the United Kingdom by P. S. King & Son, Ltd., London.