



Stefan Greß, PhD  
**The Impact of Political Changes on Health Insurance –  
The Case of Germany and The Netherlands**

Presentation for the International Symposium  
The 30th Anniversary of the Korean National  
Health Insurance

Seoul, Nov. 13-14, 2007



## Overview

1. Analytical background: Comparative models of health care
2. Introduction of compulsory health insurance in Germany and the Netherlands
3. Impact of political changes on compulsory health insurance in Germany and the Netherlands
4. Summary and Conclusions



## **Comparative Models of Health Care (Light 1986)**

- The mutual-aid model
  - Based on individual and mutual responsibility in small groups
  - Grassroots alternative to more bureaucratic professionalized care
- The state model
  - Active role of the state
  - Centralized planning and coordination of services
  - Democratic and autocratic approach
- The professional model
  - Professional autonomy
  - Resistance against influence by third-party payers



## Comparative Models of Health Care (Light 1986)

- The Corporatist Model (Stone 1980)
  - Institutions which act as intermediaries between the state and the citizen with compulsory membership for designated groups
  - Institutions are given statutory authority over the administration of relevant government programs
  - Role of the state is to oversee and coordinate the activities of the corporatist institutions and to step in when the system is moving too far in one direction
  - „Corporatism is a form of managed conflict (Light 1986:5)“



## Introduction of Health Insurance in Germany

- Introduction of health insurance in a paternalistic society in the late 19th century
  - Trade unions became a threat to political power and the existing social order
  - Reconciliation of industrial development with the political status quo: Reform from above
  - Rationale behind the introduction of health insurance: Buy political support from the workers in exchange for economic security
  - Political opposition both from the left and the right
  - Important role of corporatist organizations as a second-best solution (strong resistance against autocratic state model)



## Introduction of Health Insurance in Germany

- Health Insurance in Germany was far from universal
- Important role of pre-existing voluntary health insurance funds (mutual-aid model)

Year	Individuals eligible for health insurance per population
1885	9%
1888	11%
1892	13%
1914	23%

Source: Stone 1980



## Introduction of Health Insurance in Germany

- Ambivalent role of the medical profession
  - On the one hand, physicians rejected dominant position of sickness funds as a loss of professional autonomy
  - On the other hand, the introduction of health insurance created new employment opportunities
  - In order to improve the conditions of contracts with sickness funds, physician organizations resorted to trade union tactics
  - In the early 1930s physician organizations became one of the most powerful actors in the corporatist system
  - Basically the position has remained unchanged until the present



## **Introduction of Health Insurance in the Netherlands**

- Voluntary health insurance has been dominant until 1941
  - Strong position of trade unions
  - Collective bargaining between health insurance funds and physician organizations
  - Professional organizations resisted universal health insurance
- Compulsory health insurance has been introduced during German occupation
  - High acceptance by employers and employees
  - Resistance against democratic state model



## Introduction of Health Insurance in the Netherlands

Year	Individuals covered by health insurance per population
1900	18%
1926	28%
1936	39%
1941 (Jan.)	48%
1941 (Dec.)	58%

Source: van der Velden 1996



## **Parallel development after 1945 in the Netherlands and in West Germany**

- Corporatist model remains mostly stable in both countries
- Extension of benefits package and moderate extension of individuals covered
- Rising health care costs were financed by economic growth – more specifically by increasing growth of income from employment
- In contrast, East Germany introduced a model based on autocratic state rule and eliminated the medical profession as a political force



## **Impact of Political Changes: Germany**

- The medical profession almost took over the corporatist model in the 1980s
  - Fee-for-service remuneration instead of capitation
  - Escalating health care costs
  - Broad application of technical procedures
- First reaction of the state: Negotiations with corporatist actors
- Second reaction of the state: Introduction of spending caps and budgets for physicians and hospitals
- Consequence: Stabilization of the corporatist model



## **Impact of Political Changes: Germany**

- German reunification extended the West German health insurance model (and the corporatist model) to East Germany and replaced the autocratic state model
- This transfer came at high costs
  - Monetary transfers from the West to the East due to small income from employment in the East
  - Advantages of the state model in East Germany were erased (integrated care, regional systems of care, emphasis on prevention)



## **Impact of Political Changes: Germany**

- The corporatist model does not respond well to major reforms
- Health insurance is not well prepared for future challenges
  - Pressure on financial sustainability
  - Integration of health care
  - Stronger role for consumers and patients
  - Inefficiencies of parallel systems of social health insurance and alternative private health insurance for parts of the population
- Most recent health care reform indicates that government intends to recover the primacy of politics
  - Streamlining of organizational structure of health insurers
  - Stronger state control of corporatist organizations



## **Impact of Political Changes: The Netherlands**

- In the late 1980s the Dutch government planned to introduce a major health insurance reform
  - Integration of social and alternative private health insurance
  - Managed competition model
- Major corporatist actors (employers, private health insurers) were able to avert the implementation of the reform
- As a consequence, the Dutch government reduced the power of corporatist organizations
  - Constitution of advisory bodies (experts instead of representatives of corporatist organizations)



## **Impact of Political Changes: The Netherlands**

- Major health insurance reform in 2006
  - Compulsory health insurance for the entire population
  - Integration of social and alternative private health insurance
  - More instruments for health insurers to manage care
  - Stronger role for patients and consumers
- The Dutch government was able to recover the primacy of politics



## Summary

- Introduction of national health insurance in Germany and the Netherlands: From the mutual-aid model to the corporatist model
  - Voluntary health insurance funds provided a sound foundation
  - Ambivalent role of the medical profession
  - Introduction of national health insurance in the Netherlands during German occupation in 1941
- After 1945 the development of national health insurance in both countries has primarily been fostered by economic growth: Consolidation of the corporatist model



## Summary

- The impact of political changes on health insurance had been moderate in both countries
  - Corporatist model in both countries made sure that interest groups were able to allow only incremental changes
  - German reunification extended the West German health insurance model (and the corporatist model) to East Germany – at high costs
- The primacy of politics recently has been reintroduced in the Netherlands
  - Major health insurance reform in 2006
  - Strength of the corporatist model has been diminished in the 1990s



## Conclusions

- In both Germany and the Netherlands health insurance has been based on the corporatist model
- The corporatist model has provided stability over many years; at the same time it did not respond well to major reform attempts
- In both countries – in the Netherlands more so than in Germany, governments endeavor to change the corporatist structure in order to regain the primacy of politics – without introducing a state model



**Thank you very much for your attention!**

[stefan.gress@hs-fulda.de](mailto:stefan.gress@hs-fulda.de)