

German Doctors Rally vs. Financial Cannibalism

by Alexander Hartmann

For the second time in half a year, eastern Germany's doctors organized a full week of protests, to stop the government's "health reform" policies that are devastating Germany's once exemplary health system. If present trends continue, about one-third of Germany's independent physicians will be forced to look for another job, soon — while hospitals are being closed right and left. Currently, the German health system may still be in better shape than that in the United States, but Germany's system is becoming degraded to U.S. levels.

This prospect has prompted Germany's physicians, which usually are among the most conservative and non-political citizens, to take to the streets, in rallies and other activities throughout eastern Germany, from March 26 through March 30.

Doctors work an average 60-70 hours for some \$500 per week, after taxes. This, for professionals who are highly skilled, have studied many years, and have responsibility to provide care, often making life-and-death decisions for their patients. There are many cases of doctors who have destroyed their physical or mental health, or even committed suicide, in a struggle to maintain the health of their patients. They know that their situation will only get worse — unless they force a change.

How a Good Health System Worked

In the "good old days," the mandatory health insurance for employees, called the Gesetzliche Krankenversicherung (GKV) — the backbone of Germany's health system — worked as follows: Anyone employed for a salary, had to join one of a number of legally mandated health insurance firms.

These companies, which are supervised by government authorities, calculated a fee as a percentage of the employee's salary. This fee was matched by the employer. The employee's immediate family members were covered, unless they were employed somewhere themselves. The system also covered retired or unemployed people, orphans, etc. Only those employees who earned more than a certain limit, were exempted from the obligatory membership in the GKV; but, they could still become voluntary members, or contract some private (commercial) health insurance.

The companies that are part of the GKV used to reimburse hospitals and physicians for their work, through the physicians' association (KV), which serves as a clearinghouse for doctors' claims against the GKV. By joining the KV, physi-



Medical staff and supporters in Berlin, Germany, demonstrate against the forced closing of that city's best-known public facility, Moabit Hospital. Demonstrations have spread to five German state capitals.

cians become part of the system; they still can charge patients privately, for services the KV does not cover, or for patients who are not insured through the GKV.

This system worked very well, for more than a hundred years since it was introduced by German Reichskanzler Otto von Bismarck in the 19th Century. It provided Germany with a health system that could afford to treat all patients, regardless of whether they could pay for their treatment or had insurance. The whole system was based on the idea of solidarity, and the common good — and, not least, on an industrial society, which created enough profits to charge the necessary amounts against the salaries, to pay for the health system.

The Deconstruction of Germany's Health System

But, since the paradigm shift of the 1960s, both the industrial society and the commitment to the common good, were destroyed. The economic misery caused by the post-industrial utopia, inculcated an "every man for himself" mentality. Parties appealing to this mentality got elected to parliament, and started to change the laws. Step by step, politics intervened into the GKV system, and destroyed it. Since the 1970s, there has been one health reform after another in Germany, always aimed at cutting health expenditures, one way or another.

These interventions were "sold" as the introduction of "freedom of choice," that everyone should be able to choose the "best offer" from among the health insurance providers. But, the real intent behind the move was the need to stay

“competitive” on the world markets, and hence, to reduce the costs of labor—which include the health insurance premiums charged against, and in addition to the salaries.

One important reform was introduced in the 1990s. Germany’s lawmakers invented the health budget. The GKV insurers that used to pay for medical treatment case by case, started paying an annual budget for each person insured with them to the state’s KV.

As before, all doctors would send the bills for treatment they provided to their state’s KV. But now, once every quarter-year, the total amount of money paid by the GKV insurers to the state’s KV is essentially divided among the KV’s physicians, according to the amount they charged, with penalties for those physicians whose billings were above the allowance. Since these calculations take time, physicians don’t even know how much they actually earn for their work, for up to six months after the treatment! A similar budget has been introduced for medicine prescribed by the physicians.

There would be hardly any problems with such a system—if the GKV’s budget were big enough to cover all necessary treatment. But, under economic crisis conditions, with about 6-8 million unemployed in Germany, who get treatment but pay a low insurance premium, there is not enough money in the health system.

Other factors reduce this amount even more. In 1996, the Bundestag (parliament) deregulated the health insurance system, introducing “free choice” of health insurance. Since then, many people have switched from their traditional health insurance to some other insurance company that charges lower premiums. Especially young people—who on average are much healthier than old people—went to new providers.

This threatened the system in two respects: First, the traditional providers “got stuck” with a rising percentage of “expensive” patients, and are unable to finance their treatment through the fees charged to healthy members. The “solidarity principle” no longer works, if there is no longer any solidarity. These traditional health insurance providers are now on the road to bankruptcy. For this reason, they have no maneuvering room for compromise with the doctors.

Physicians’ Income Has Collapsed

The other problem is, that the “cheap” insurers pay much lower fees per member to the KV. There are cases of health insurance firms that pay less than half into the KV, annually, than traditional GKV insurance firms. Thus, the overall fund available to be divided among the physicians shrinks. In 2000, the budget available for physicians in the state of Berlin shrunk by 54 million deutschemarks—an average of \$3,400 per physician. In recent years, the average overall cash flow in a physician’s office has shrunk by 20%, while the costs of running a physician’s office have not; this translates into an average 40% loss of income! But, the law says that a doctor cannot deny treatment if it is medically necessary—to do so might amount to a criminal offense.

Another factor in the economic problems faced by physi-

cians in eastern Germany, is what is called the average morbidity of the population: People in eastern Germany tend to be less healthy than those in western Germany. Life expectancy in eastern Germany is about two to three years lower than in western Germany, and the incidence of diabetes, heart conditions, high blood pressure, and other illnesses, is higher.

At the same time, average salaries in eastern Germany are still significantly below the western German average, by about 15%. That means that there is less money for more patients. Some say that eastern German physicians do not earn much less than their western counterparts—but, this is only because there are fewer physicians; a physician in eastern Germany has to treat about 20% more patients than his western colleagues.

Also, there are much fewer patients who are privately insured than in western Germany. And in western Germany, many physicians raise 30% of their income from the 10% of their patients who have private insurance. Other doctors rent out part of their offices or write expert testimony, to raise funds for their offices.

Under these conditions, there are fewer and fewer young people who want to study medicine. In fact, there are many physicians who would like to quit, but cannot find a successor. In Berlin alone, of 300 ophthalmologists’ offices, 20 are for sale, with all the equipment necessary to do a good job—in some cases for DM 1, the equivalent of 47¢!

But, the physicians are not the only victims of the situation. During the same week, about 400 employees of Berlin’s Moabit Hospital took to the streets, to protest moves by the city’s administration, and the health insurance firms, which are trying to force the 127-year-old public hospital to close. An appeal by the hospital’s management against the administration’s directive to close the hospital is pending; but, health insurance firms are now trying to financially dry out the hospital to force it into bankruptcy. The hospital’s employees have started to organize rallies every Monday—a tradition that served to oust the East German Communist regime, 12 years ago—to protest this blackmail.

Money, or Life?

At this point, all major physicians’ organizations joined in, in organizing the “week of action,” which involved rallies in every capital of the six eastern German states. In Berlin, psychiatrists held a “tightrope” march through the government district. In a coordinated way, physicians kept their offices closed—while at the same time organizing services to guarantee emergency treatment. According to the physician action committee’s spokesman, Dr. Rouwen, about 90% of all Berlin physicians participated in the campaign, in one form or another.

On March 28, some 1,500 physicians held a spirited rally at the famous Brandenburg gate, near the German Bundestag, where national Members of Parliament were discussing the problems in the health system. The physicians called for the elimination of health budgeting, and treatment fees to be cal-

culated in fixed deutschemark amounts, so that they know in advance how much they are earning. Some among the speakers called for the re-introduction of the solidarity principle, by creating a joint fund of all health insurance companies to finance treatment of expensive, chronically ill, and elderly patients. This proposal is apparently being discussed in the government, which would be faced with a wave of bankruptcies of, first, health insurance firms, and, then, hospitals, unless there is some relief provided to the traditional health insurance firms.

Another Looting Scheme

Also among the speakers at the doctors' rally, was the health policy spokesman for the liberal Free Democratic Party (FDP), Dr. Thomae—who was involved in setting up the unworkable system, in 1996. Now, he tried to appease angry physicians, with the proposal to reduce the overall responsibility of the GKV to what he called “basic medical needs,” leaving it to everyone to contract some additional health insurance, to cover what he called “non-essential” treatment, on the “free market.”

This is likely another boondoggle for the private health insurance companies, that want to get at the cash that is now flowing into the GKV. But, in areas where there are high rates of poverty, such as in many parts of eastern Germany, or poor sections of western German cities, many patients would not

be able to afford additional health insurance. They would be left with health care much-reduced compared to what is offered to them now.

Thomae's speech did not impress the physicians. Another speaker sardonically commented, “Now we all know how to solve all our problems—just vote for the SPD [Social Democratic Party], the CDU [Christian Democrats], and the FDP! But, we tried this before.” Another remarked: “What's wrong with us, that we let him speak, and don't drag him down from the podium?”

There were also voices pointing to the greater problem behind the health crisis: the fact that there is an economic crisis, of which the health crisis is only one ramification. The financial crisis, said Dr. Günther Jonitz, the president of the Berlin Chamber of Physicians, is being passed on, from the state to health insurance, from health insurance to the hospitals, and from the hospitals to the physicians. “It has turned into a competition of cannibals,” he said.

Another such voice was that of the Schiller Institute. In a leaflet titled “Money, or Life?” which was passed out at the rally, it said: “It is not enough to just protest. If we do not return to an economic ethic, which respects life over money, we will simply not have the economic power to finance good health and education systems. . . . Either we force the political class, on this occasion, to correct their values, or we have given up our moral ability to survive.”

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