



Health Care - a Driver for Modern Society

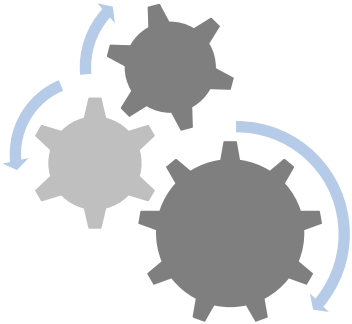


2nd Sino-German Health Dialogue/ 29th Annual Meeting CDGM/DCGM

Prof. Dr. mult. Eckhard Nagel, Vice president DCGM

Beijing, 13.06.2016

Agenda



The importance of health care for a society

Basic principles of health care in Germany

Health economy on expansion path

Conclusion

The importance of health care for a society (1/3)

- Just like peace, security and freedom, health is a special, transcendental or conditional good.
- It is a fundamental condition for equal opportunities and justice.
- A society without adequate supply with conditional goods cannot be considered a fair society.



The progress in health care is a crucial factor in the development of a society and hence, a keystone in community development.

The importance of health care for a society (2/3)

Justice in health care

- Equal access to health care
- Obligation to pay solidary contributions
- Compliance of basic conditions for human dignity (e.g. prohibition of discrimination etc.)
- Subsidiary compensation mechanisms facing fateful problems



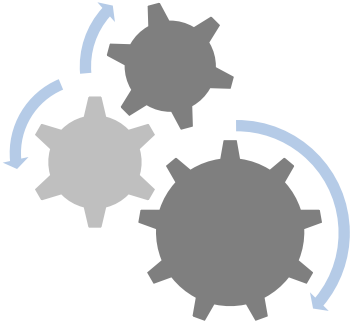
The importance of health care for a society (3/3)

The specific nature of health influences the organisation of health care:

- Solidarity and subsidiarity – basic principles of the German health care system
- Charitable work and community engagement in the light of social responsibility



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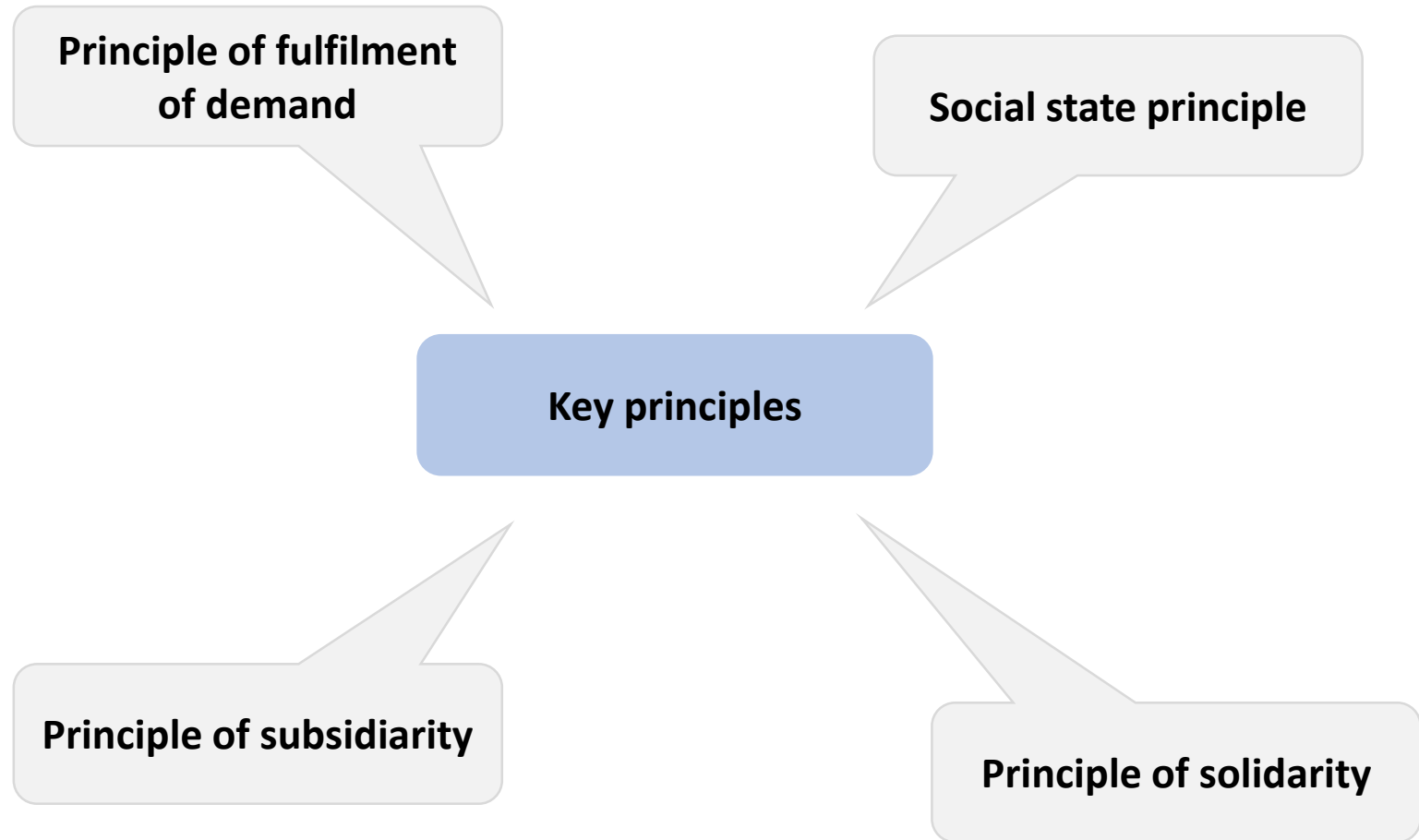
Statutory health insurance – a “modern” invention

Otto von Bismarck (1815 – 1898) the constructor of social insurance

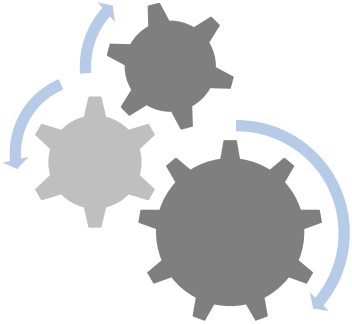
- Insurance against
 - illness (1883)
 - accidents (1884)
 - disability and poverty among the elderly (1889)
- Cornerstone for the social insurance in Germany
- Essential elements are still valid



Social security in Germany



Agenda



The importance of health care for a society

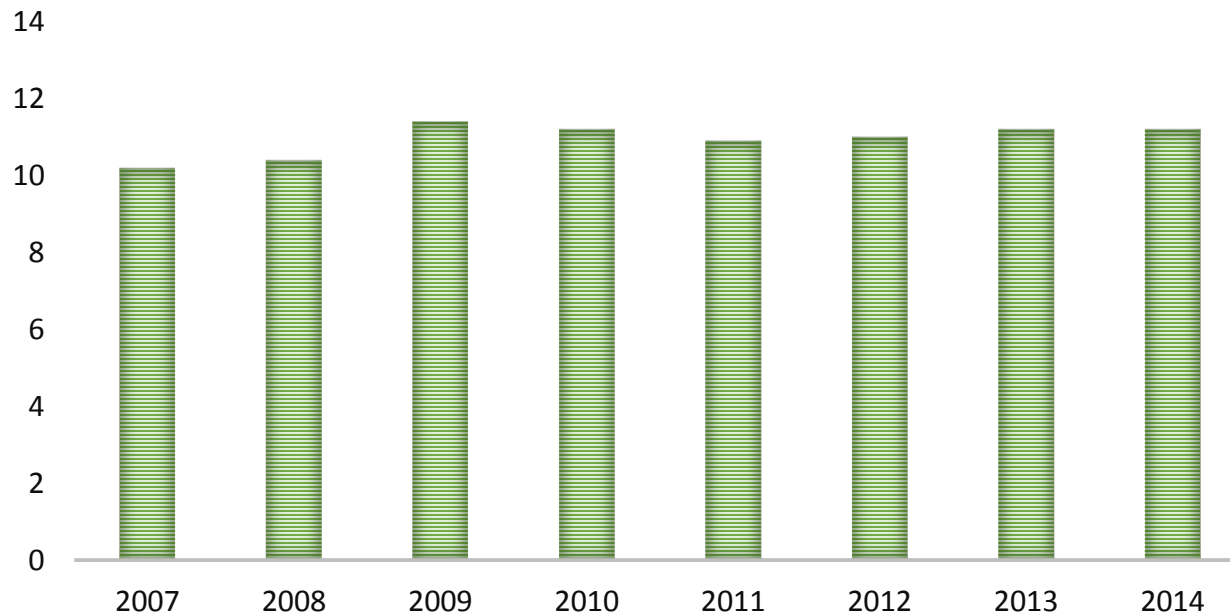
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Trend in health expenditure in Germany (1/2)

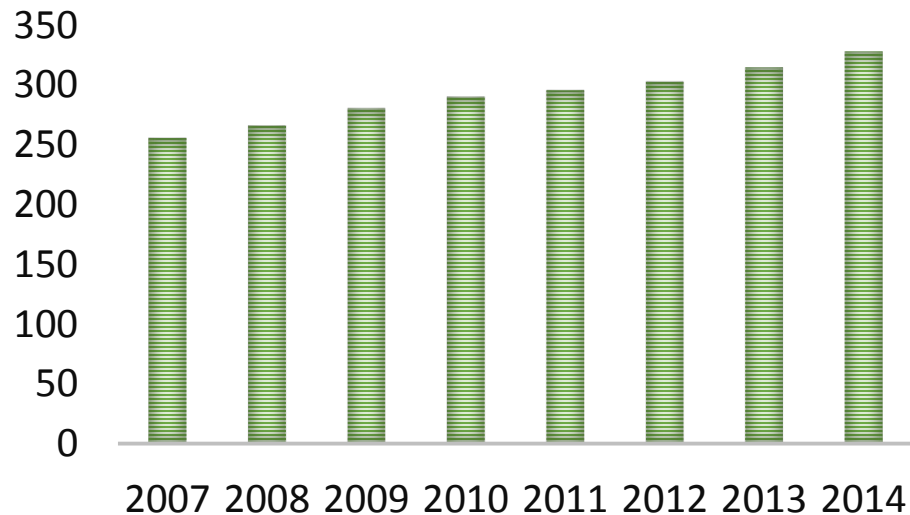
HEALTH EXPENDITURE IN GERMANY AS PERCENTAGE OF GDP



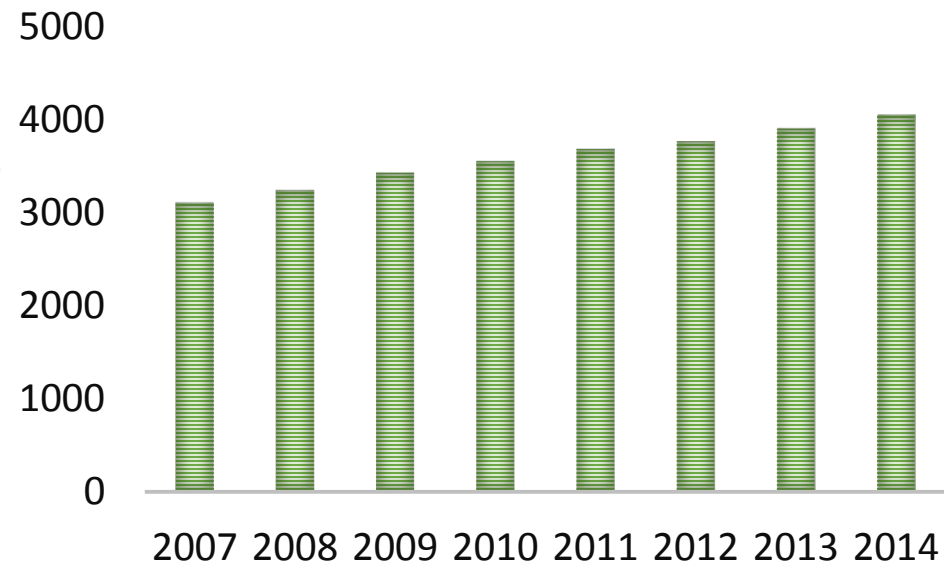
Source: Advisory Council, based on the Federal Bureau of Statistics, 2016

Trend in health expenditure in Germany (2/2)

**HEALTH EXPENDITURE IN
BILLION €**



**HEALTH EXPENDITURE PER
CAPITA IN €**



Source: Advisory Council, based on the Federal Bureau of Statistics, 2016

Health expenditure by sources of funding in Germany

HEALTH EXPENDITURE BY SOURCES OF FUNDING IN 2014 (IN PERCENT)

■ statutory health insurance

■ households + non-profit institutions serving households

■ private health insurance

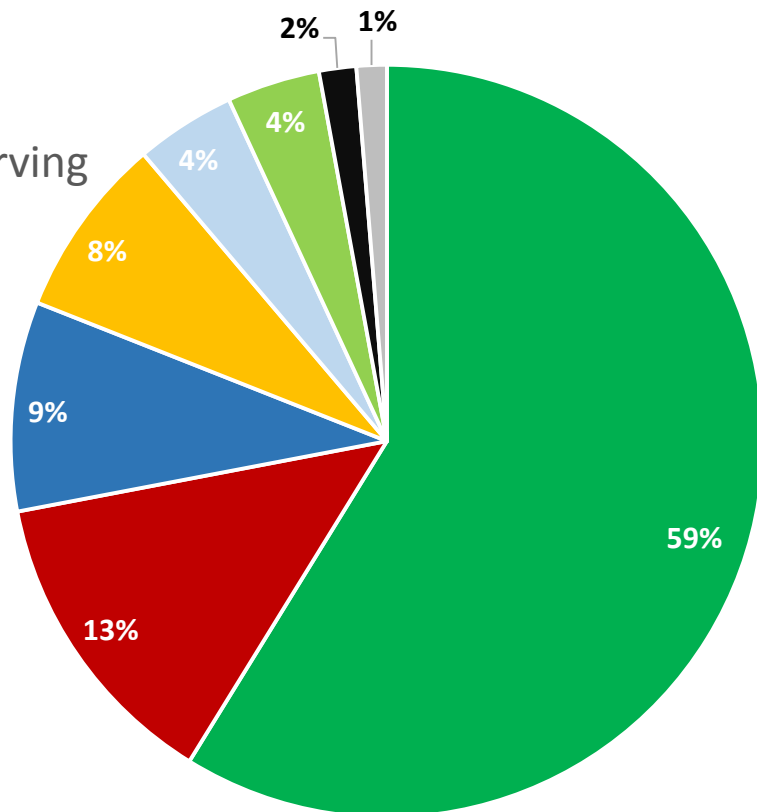
■ social care insurance

■ employer

■ public budgets

■ statutory accident insurance

■ statutory pension



Source: Advisory Council, based on the Federal Bureau of Statistics, 2016

Gross value added in health care (2013) Germany

238 billion euro were generated by 230.000 enterprises in 2013.

Including:

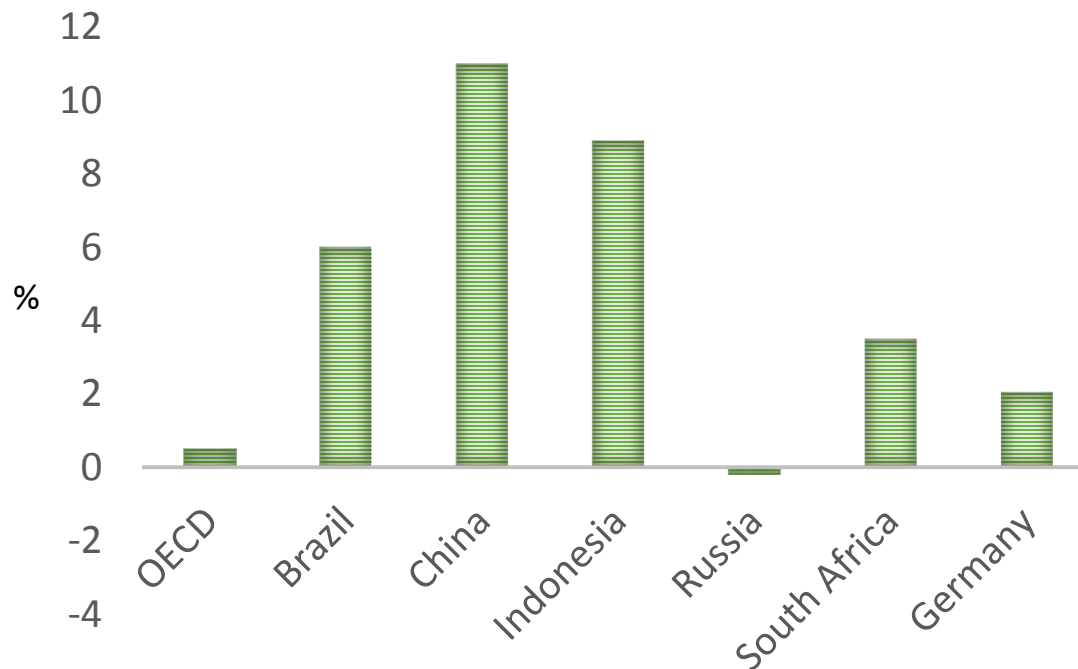
- Hospitals
- Statutory health insurance
- Outpatient practices
- Private health insurance
- Pharmacies
- Nursing facilities
- Pharmaceutical companies
- Biotech companies
- Medical technology companies



Source: <http://www.bmg.bund.de/themen/gesundheitsystem/gesundheitswirtschaft/bedeutung-der-gesundheitswirtschaft.html>

Annual growth of health expenditure

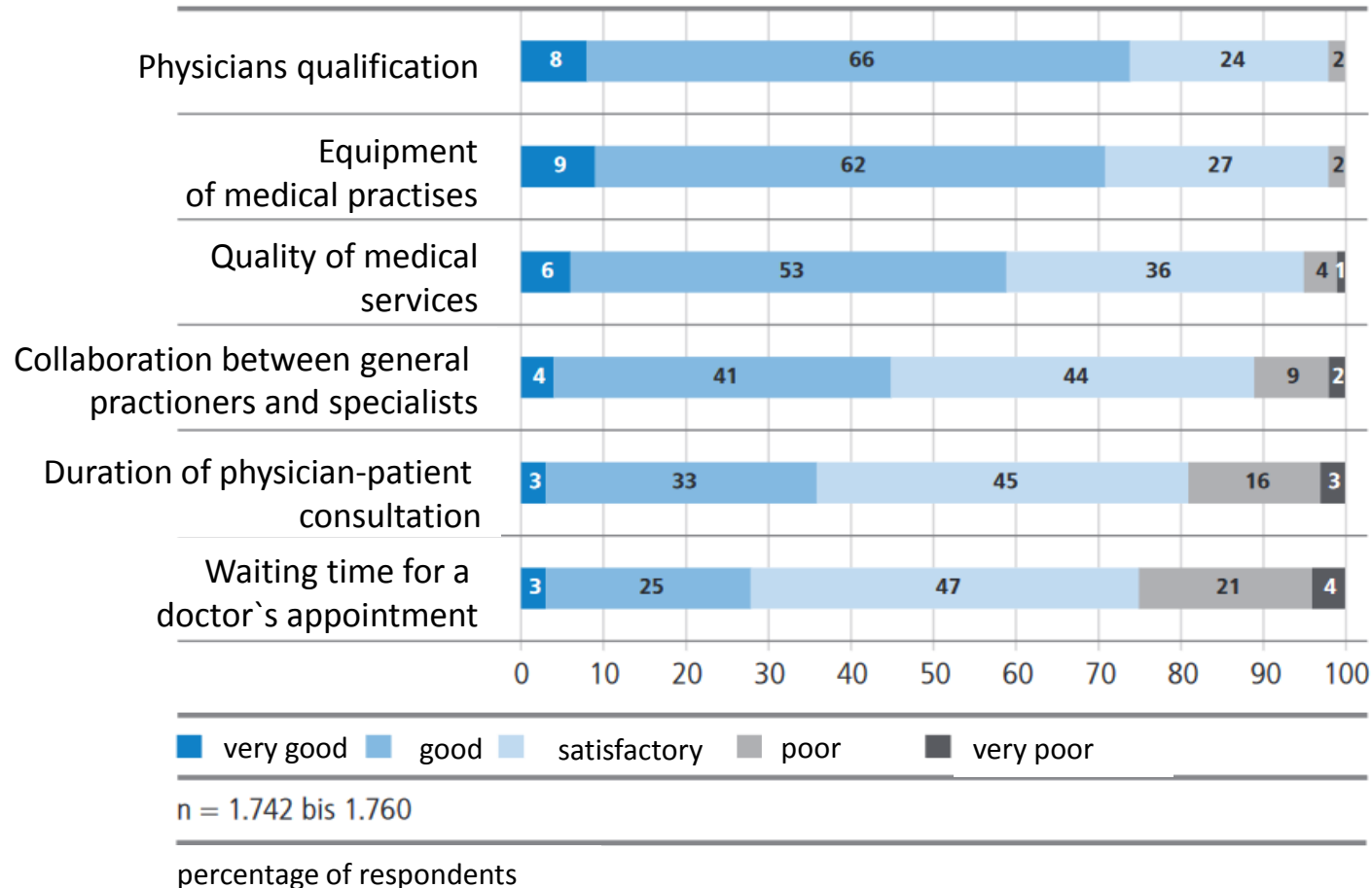
AVERAGE ANNUAL PER CAPITA GROWTH IN HEALTH SPENDING 2009-2013 (IN PERCENT)



Source: Advisory Council, based on OECD Health Statistics 2015, WHO Global Health Expenditure Database

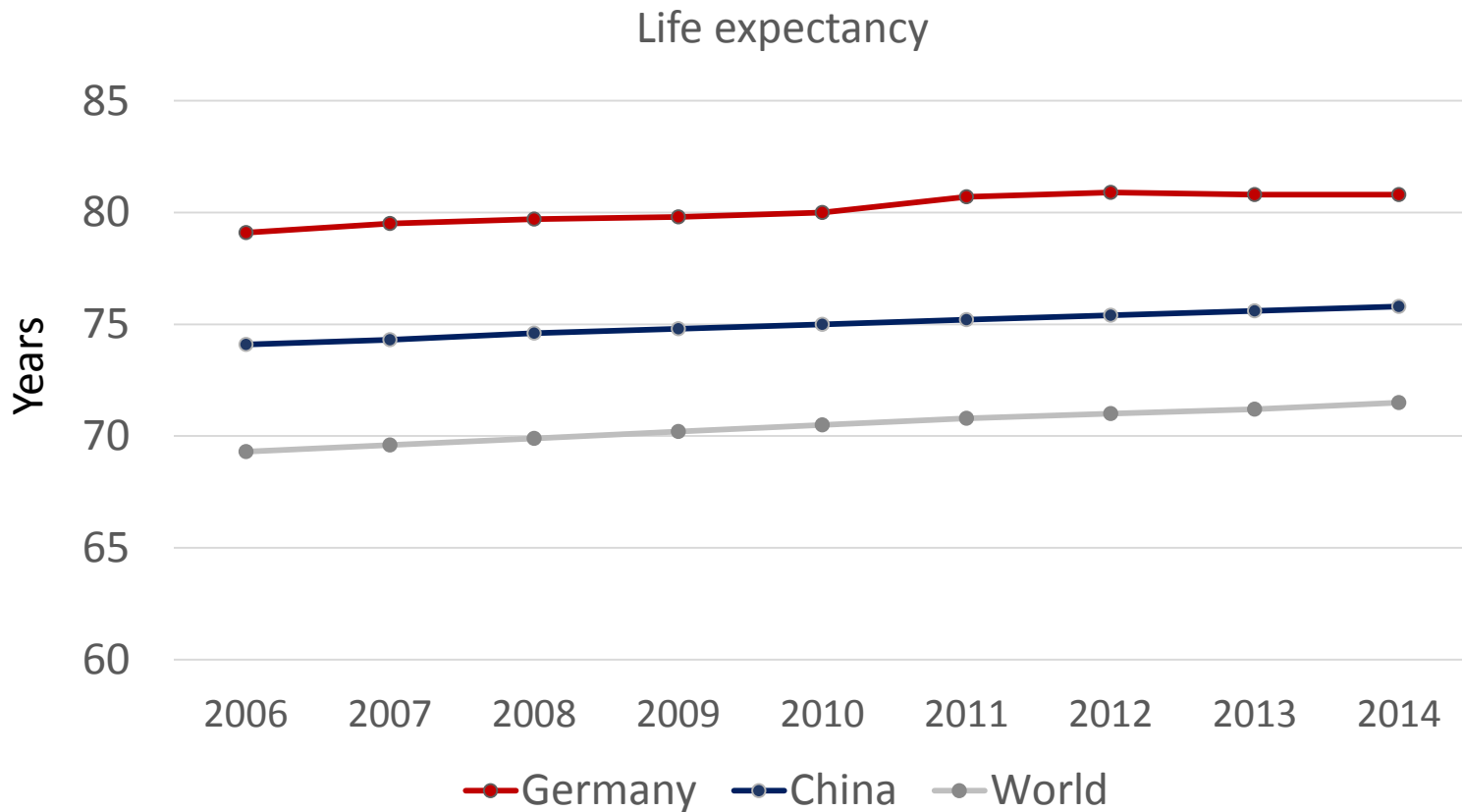
Satisfaction of the German population

RESULTS OF A SURVEY EVALUATING THE SATISFACTION OF THE GERMAN POPULATION CONCERNING HEALTH CARE



Source : Advisory Council, based on Barmer GEK „Gesundheitsmonitor (2014)“

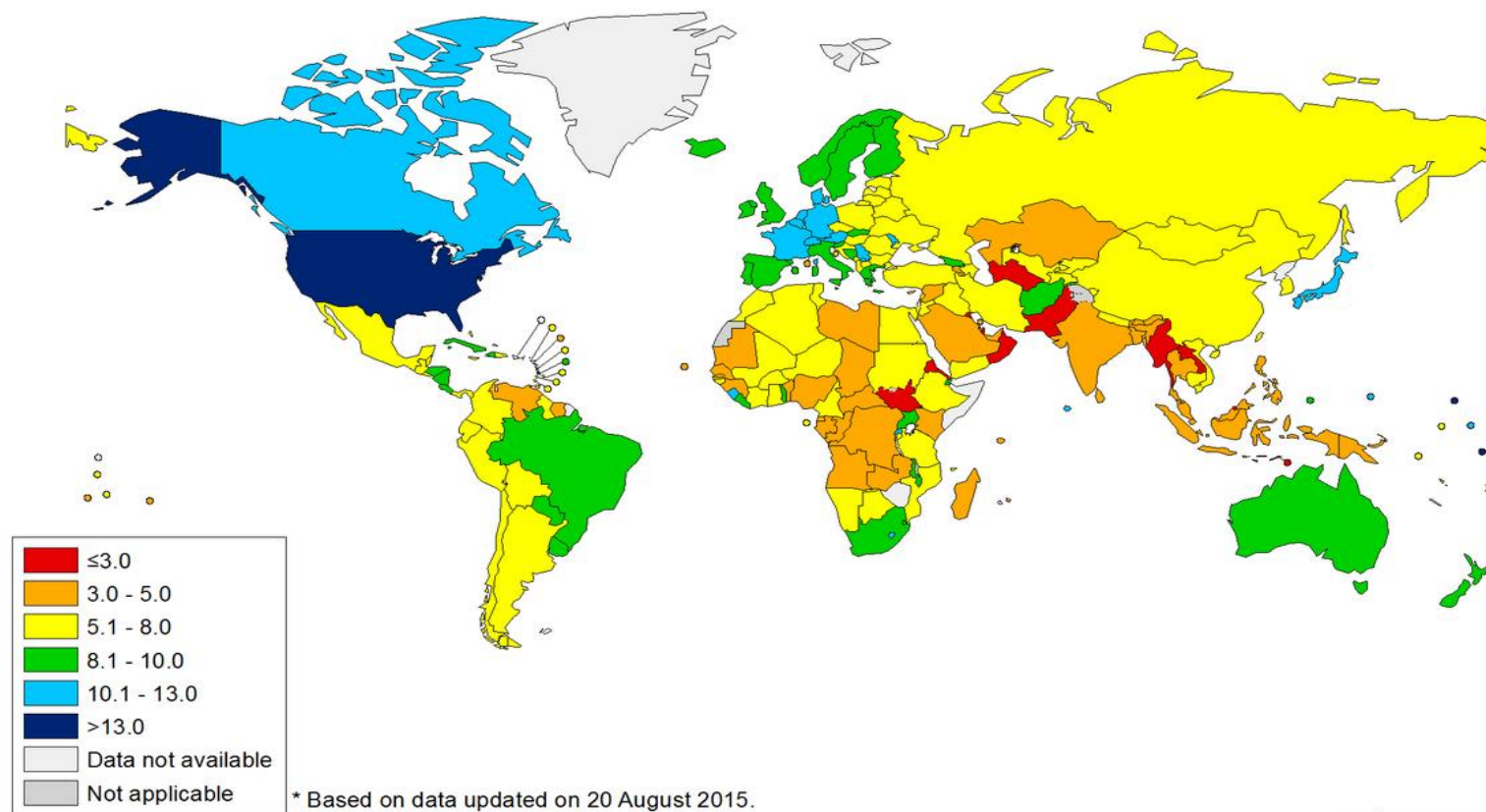
Development of life expectancy



Source : Advisory council, based on World Bank, 2016

Global health expenditures in 2013

**Total expenditure on health
as a percentage of the gross domestic product, 2013 ***



The boundaries and names shown and the designations used on this map do not imply the expression of any opinion whatsoever on the part of the World Health Organization concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries. Dotted and dashed lines on maps represent approximate border lines for which there may not yet be full agreement.

Data Source: Global Health Observatory, WHO
Map Production: Health Statistics and
Information Systems (HSI)
World Health Organization



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Health care – an open market?

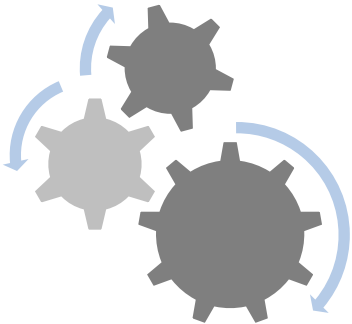
Market failure in the health care system

- Typical and ideal conditions for an open market are not fulfilled
- Further characteristics apply, i.a.:
 - Classical rules of competition cannot be fulfilled (standardisation of guidelines)
 - Insurance claims exist in almost every situation
 - Heterogeneous offers lead to identical outcomes (with high variabilities)
 - Patients are not clients in an economic sense



Government regulations serve to set up the requirements needed for the functionality of a market and to limit undesirable effects.

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Importance of healthcare for society

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Conclusion I

- For a democratic state, it is essential that health care and health economy contribute to strengthen the constitutional rights of citizens (dignity, prohibition of discrimination, subsidiary supporting systems).
- The health care system implemented about 150 years ago in Germany, provides several organizational attributes that are used building organizational structures in other countries.
- This kind of social security and health care ensures an above-average life expectancy and quality of life to the german population.

Conclusion II

The importance of health care

- Large economic benefits of health care, even in times of crisis: It secures the ability to work and therefore the productivity of a countries labor force → health care as an employment driver
- Investments in a populations` health are of crucial importance for growth, employment and prosperity.
- But:
Due to the special nature of health care and its importance for society, government regulations are needed to ensure the proper functioning of the market and to limit adverse effects.



Thank you for your kind attention!

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