An Anglo-German Foundation Report

Modernising the British and German health care systems – what can we learn from one another?

Berlin

9 October 2003

Executive Summary

Great Britain and Germany have been debating the shortcomings of their health care systems for a good many years. It seems as if both systems were subject to a permanent urge towards modernisation under the unmistakable influence of advances in medical technology coupled with political, economic and demographic changes and patients' changing aspirations.

Germany and Great Britain are approaching modernisation from two different starting points. Whereas German health care is the third most expensive in the world, consuming 10.7% of gross domestic product, Great Britain spends only 7.6% of GDP on health care provision.

This difference has clear consequences. Germany has been striving for years to contain health costs, while Great Britain is pursuing expansion, with the aim of maintaining and raising quality standards. The decade from 1997 to 2007/8 should see Great Britain's health spending rise from 6.7% to 9.4% of GDP. To put it another way, health spending is set to rise in the next few years by 7.4% in real terms.

Other substantial differences in the national health systems:

- The German health system is financed by contributions and is based on the principle of self-administration. The State intervenes primarily in a legislative function. It establishes a framework which the participating institutions and organisations take it upon themselves to fill.
- The British health system is financed out of taxation and is based on a central role for the State, which distributes funds to the health care providers, takes responsibility for investment and sets priorities for future developments.

How the two countries deal with the various challenges, and what alternatives and future strategies they have developed in the health field, was the theme of the conference entitled "Modernising the British and German health care systems – what can we learn from one another?". The event, staged by the Anglo-German Foundation/Deutsch-Britische Stiftung, took place in Berlin in October 2003, in collaboration with the British Embassy in Berlin and the Chair for Health Care Management at the University of Technology (TU) Berlin under the patronage of the German Federal Ministry for Health and Social Security. The conference was chaired by Professor Reinhard Busse, Chair for Health Care Management at the University of Technology (TU) Berlin.

Three British and three German speakers reported from their national perspective and personal background on efforts made to modernise health systems and sought ways to learn from others' experience.

The Prime Minister's Health Adviser, Simon Stevens, reported on the efforts towards reform being made on various levels, analysed the State's new role, which was leading to a decentralisation of decision-making and to an increase in transparency, and described the changed conditions for health care workers and patients.

Richard Douglas explained the new system of payment by results, which links doctors' fees more closely to the medical services delivered. In his lecture, the finance director in the Britain's Department of Health emphasised the similarities with the German system of *Fallpauschale* (lump sum costing by case).

The question of whether the National Institute for Clinical Excellence (NICE) was ready for Europe-wide export from Britain was addressed by its Head, Professor Sir Michael Rawlins. He took a sceptical view of export potential in his lecture, because health care falls within the competence of individual EU countries and because there is no EU responsibility at ministerial level. Nevertheless, the most important activities undertaken by NICE, namely evaluations of quality assurance and the elaboration of medical directives, were certainly an interesting topic for the other EU countries.

The German and British experts were in agreement that, despite the structural differences in the health systems of both countries, there was substantial common ground in moves towards reform. Shared goals could be made out in respect of

- an increase in viability and cost efficiency and
- a raising of quality standards.

The ways taken to reach these goals, however, must take different national forms on account of differing national structures.

The German conference speakers, Dr. Ulrich Orlowski from the Federal Ministry of Health, Dr. Bernhard Gibis from the Association of Health Insurance Doctors (KBV) and Dr. Bernhard Egger from the AOK Federal Association (representing Germany's largest health insurance fund) pointed out in their lectures that German steps towards reform must always be subordinate to the principle of self-administration. This was not a fundamental disadvantage but led to solutions which took account of the special features of the German health system.

Under the circumstances, a one-to-one transfer of British solutions was virtually unthinkable, advised the German experts. But they too emphasised the opportunities for a process of mutual learning. The German quality assurance institute, which would commence its work in 2004 under the new Joint Federal Committee, was faced despite different organisational structures with the same substantive issues and questions as NICE.

Further information is available in the detailed conference report and from:

Anglo-German Foundation/Deutsch-Britische Stiftung
34 Belgrave Square
London SW1X 8DZ, UK
Tel +44 (0)20 7823 1123
Fax +44 (0)20 7823 2324
Email info@agf.org.uk
Website: www.agf.org.uk

Notes to the editor:
For thirty years the Foundation has contributed to policy-making in Britain and Germany by funding bilateral research and discussion of economic and social issues which challenge both countries, and by making the results of this work available to decision-makers, practitioners and their advisers.

You may download the report free of charge from the Foundation's website at www.agf.org.uk. You can also purchase a bound and printed edition of the report direct from the website.