

Long Term Care Insurance in Germany

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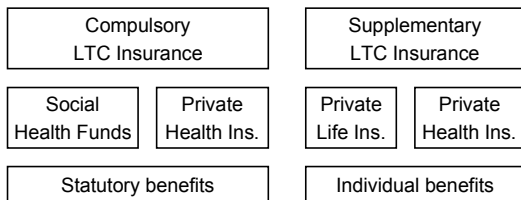
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- Compulsory LTC Insurance
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Long Term Care Insurance in Germany

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Overview

- The LTC Insurance system in Germany:

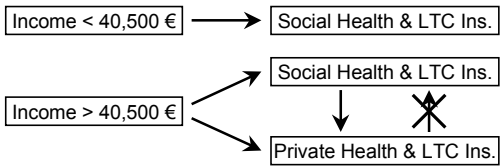


Compulsory LTC Insurance

- 3-stage Introduction:
 - as of Jan 1, 1995: premium payment
 - as of Apr 1, 1995: benefits for home health care
 - as of July 1, 1996: benefits for nursing home care
- Introduction without Underwriting:
 - On Jan 1, 1995, all members of the Social and the Private Health Insurance became members of the new Compulsory LTC Insurance (without any Underwriting).
 - ⇒ Even LTC claimants were accepted by LTC Insurance.

Compulsory LTC Insurance

- Insureds:
 - Leading idea: "LTC Insurance follows Health Insurance"
 - Ceiling of insurable earnings in 2002: 40,500 € per year



Compulsory LTC Insurance

- Insureds:

	<u>Social LTCI</u>	<u>Private LTCI</u>
- Paying members	50.6m	6.4m
- Family members	20.8m	1.7m
	71.4m	8.1m

Compulsory LTC Insurance

- Premiums:
 - In general:
 - Employees and employers go half-shares in premiums
 - Social LTC Insurance:
 - The premium amount is income-dependent:
1.7% of the income up to ceiling of insurable earnings
 - ⇒ Maximum monthly premium in 2002: 57.38 €

Compulsory LTC Insurance

- Premiums:
 - Private LTC Insurance:
 - The premium amount is age-dependent:

30: 23.89 €	60: 67.79 €
40: 31.52 €	70: 125.32 €
50: 44.32 €	80: 264.24 €
 - but: premiums are limited to maximum premium of Social LTC Insurance if the membership in Private Health Insurance exceeds 5 years

Compulsory LTC Insurance

- Benefits:
 - Home health care (as of Apr 1, 1995):
 - Benefits in kind or care allowance
 - Stand-in care ("holiday" care)
 - Semi-stationary care
 - Short-term care
 - Technical equipment
 - Nursing care courses for relatives and volunteer carers
 - Social security protection for informal carers

Compulsory LTC Insurance

- Benefits:
 - Nursing home care (as of July 1, 1996):
 - ADL care
 - Social assistance
 - Medical care
 - but: the LTC claimant himself has to pay for board and lodging

Compulsory LTC Insurance

- LTC definition:
 - "Eligible are persons who are
 - as a result of physical or mental diseases or handicaps
 - in considerable or severe need of help
 - with the regular activities of daily living
 - on a long-term basis, i.e. for an estimated period of at least 6 months."

Compulsory LTC Insurance

- LTC definition:
 - Activities of Daily Living (ADLs):
 - A Personal Hygiene (washing, showering, bathing, dental hygiene, combing, shaving)
 - B Nutrition (eating, drinking, bite-sized preparation)
 - C Mobility (getting out of / into bed, dressing, walking, going up / down stairs, leaving / getting back to home)
 - D Housekeeping (shopping, cooking, heating the home, housecleaning, dishwashing, washing linen & clothing)

Compulsory LTC Insurance

– Care levels:

	Required assistance for 2 ADLs in A, B or C	Daily time spent on care (incl. ... for A-C)
Level I	at least once a day	> 90 min (45 min)
Level II	at least 3 times a day	> 3 hrs (2 hrs)
Level III	round the clock	> 5 hrs (4 hrs)

– Additionally required in each level: help several times a week with housekeeping tasks.

Compulsory LTC Insurance

– Care levels:

– Benefit amount per month:

	Home health care care allowance	benefits in kind	Nursing home care
Level I	205 €	384 €	1,023 €
Level II	410 €	921 €	1,279 €
Level III	665 €	1,432 €	1,432 €
Hardship cases		1,918 €	1,688 €

Compulsory LTC Insurance

– Beneficiaries (Dec 31, 2000):

	Social LTCI	Private LTCI
– Home health care		
Number	1,260,800	74,000
Male	35.6%	43.7%
Female	64.4%	56.3%
– Nursing home care		
Number	561,300	32,700
Male	23.3%	24.6%
Female	76.7%	75.4%

Compulsory LTC Insurance

– Beneficiaries by care levels (Dec 31, 2000):

	<u>Social LTCI</u>	<u>Private LTCI</u>
– <u>Home health care</u>		
Level I	54.1%	49.1%
Level II	35.5%	37.3%
Level III	10.4%	13.6%
– <u>Nursing home care</u>		
Level I	37.6%	23.7%
Level II	41.8%	45.8%
Level III	20.6%	30.5%

Compulsory LTC Insurance

– Beneficiaries by age groups (Dec 31, 2000):

	<u>Social LTCI</u>	<u>Private LTCI</u>
– <u>Home health care</u>		
0-59	20.7%	16.3%
60-79	35.8%	34.0%
80+	43.5%	49.7%
– <u>Nursing home care</u>		
0-59	12.1%	4.5%
60-79	25.9%	21.2%
80+	62.0%	74.3%

Supplementary LTC Insurance

– Life Insurance:

– 1st product generation 1985

Stand-alone cover with 3 components:

- LTC annuity
- old age annuity (from age 80 or 85)
- death benefit

Portfolio: approx. 9,000 (Dec 31, 2001)

Supplementary LTC Insurance

– Life Insurance:

- 2nd product generation 1992

Riders:

- waiver of premium of the principal insurance
- standard LTC annuity
- deferred LTC annuity

Portfolio: approx. 70,000 (Dec 31, 2001)

Supplementary LTC Insurance

– Life Insurance:

– Product parameters:

- Definition: 6-point ADL system
- Benefits: fixed amount irrespective of where / by whom care is provided

– Partial benefits:

Level	%
I	40
II	70
III	100

Supplementary LTC Insurance

– Health Insurance:

- 1st product generation 1985
- daily cash allowance
- reimbursement of LTC costs
- combination

Supplementary LTC Insurance

– Health Insurance:

- 2nd product generation 1994

Extensions to Compulsory LTC Insurance:

- same definition as under CLTCI
- reimbursement of the remaining costs

Portfolio: approx. 656,000 (Dec 31, 2001)

Supplementary LTC Insurance

– Health Insurance:

– Product parameters:

- Definition: as under CLTCI
- Benefits: benefits only if entitled to CLTCI benefits;
CLTCI assessment is accepted
- Partial benefits: wide range of options
