

A COMPARISON OF PRIVATE AND PUBLIC HEALTH INSURANCE

Everything you need to know
about health insurance
in Germany.

ottonova

It's all right here, in this eBook.

The German healthcare system is among the best in the world. Since 2009, when the German government made it mandatory to have health insurance, everyone resident in Germany has been guaranteed healthcare if they fall ill. Consequently, all patients benefit from the innovative power of the health economy.

As an expat living in Germany, you too can enjoy the benefits of cutting-edge medicine and the security of universal healthcare. First, though, you face the same choice as every German and must decide between two insurance systems: public health insurance (gesetzliche Krankenversicherung – GKV), also known as statutory health insurance, and private health insurance (private Krankenversicherung – PKV).

So that you can make the right decision and choose the system best suited to your healthcare needs and your life as an expat, this eBook compares the two systems in clear, uncomplicated terms. It explains the features of the two systems, the differences between them, and what they mean for you and your health as an expat. We'll also outline how the German healthcare system differs from those in the USA and the United Kingdom.

Whether you're just looking into the possibility of moving to Germany or already have concrete plans, reading this eBook will allow you to form your own opinion of the German healthcare system, based on solid facts. You can then make an informed decision and enjoy your time in Germany safe in the knowledge that your healthcare needs are looked after.

Welcome to Germany!

Before you get to know the ins and outs of the German healthcare system a little better, we've put together a few key facts you should know before you embark on the next phase of your life, in Germany, and decide between the two health insurance systems.

- **Insurance is mandatory:**

Health insurance is mandatory for everyone living in Germany. This obligation is called 'Versicherungspflicht'. You need to take out the insurance yourself, in your own name.

- **Visa:**

Depending on which country you are leaving to move to Germany, how long you plan to stay, and your employment status in Germany, you may need to obtain a visa or work permit. Be sure to look into this well in advance. Health insurance is a requirement for obtaining a work permit.

- **Health certificate:**

Expats usually need to pass a medical examination in order to be approved for private health insurance.

Want to delve into the details?

The German Federal Foreign Office offers detailed, reliable information for expats on all important rules and regulations. It provides tips in English to help make your move to Germany as smooth as possible and ensure you can navigate day-to-day life.

www.auswaertiges-amt.de/en



Who exactly qualifies as an expat?

There are many different reasons why people move to another country – perhaps:

- Further their career
- Find a new challenge
- Be with their partner
- Meet people from around the world
- Search of adventure
- Become more independent

Whatever your motivation, if you leave your homeland to live and work in another country for a period of time, you're an expatriate – or expat for short. In German, the word 'expat' primarily refers to skilled employees and managerial staff from other countries who are posted to a subsidiary or branch of their company in Germany. However, in English, an expat is essentially anyone who moves to live in another country. Consequently, the term is often also used in Germany to refer to English-speaking people who move to Germany without being posted there.

Expats in the context of health insurance

When it comes to health insurance in Germany, the definition of an expat differs once again. The country from which you are moving to Germany is one factor; how long you plan to stay in Germany is another. For example, the law in Germany allows people with a temporary residence permit to take out special expat health insurance plans.

→ **This means that only expats from non-EU countries can take out cover under ottonova's expat tariff – they can do so for a term of up to five years.**

EU nationals who move to Germany to work can choose between public health insurance (GKV) and private health insurance (PKV). In some cases, they can also take out or maintain health insurance in their home country. However, they are not eligible for expat tariffs.

What will change for you in Germany – and what won't.

To illustrate some of the features of the German healthcare system, we've put together a straightforward comparison between the German system and two models from English-speaking countries, namely the American and British healthcare systems. The systems are different in many ways, as you will see when we compare the most important points.

If you are familiar with the British system, you will appreciate the flexibility offered by the two insurance systems in Germany. On the other hand, if you are moving to Germany from the USA, you are sure to enjoy having access to a high-quality healthcare system with predictable costs.

	Germany	UK	USA
Fundamental concept	<ul style="list-style-type: none"> • Social state, founded by Otto von Bismarck 	<ul style="list-style-type: none"> • Welfare state, founded by William Beveridge 	<ul style="list-style-type: none"> • Healthcare system driven by the economy; little state control
System	<ul style="list-style-type: none"> • Divided into private and public (statutory) health insurance 	<ul style="list-style-type: none"> • State healthcare system organized through the National Health Service (NHS) 	<ul style="list-style-type: none"> • Predominantly private; state only provides care for the elderly, disabled people, and those on low incomes
Financing	<ul style="list-style-type: none"> • Policyholder premiums • Employer subsidies • Dependent on income or scope of coverage 	<ul style="list-style-type: none"> • Through taxes paid by people in the United Kingdom 	<ul style="list-style-type: none"> • Premiums and state subsidies • Employers decide how much they contribute • Many Americans are insured through their employer
Payment	<ul style="list-style-type: none"> • Public health insurance pays for covered treatments and services directly • Privately insured patients pay upfront and have the costs reimbursed by their insurance provider 	<ul style="list-style-type: none"> • Costs covered by the NHS • Patients pay for anything not covered by the NHS • Supplementary private health insurance is available 	<ul style="list-style-type: none"> • Patients usually pay before having the costs reimbursed by their insurance provider • Additional payments charged for many medical services, including co-payments for each visit to the doctor
Characteristics	<ul style="list-style-type: none"> • Public insurance premiums rising due to demographic change • Switching between public and private systems is not straightforward • Dental treatments sometimes incur significant costs 	<ul style="list-style-type: none"> • GP-centered model – except in emergencies • Specialist outpatient care only provided in hospitals • Low ratio of doctors to citizens often leads to long waiting times • No catalog of benefits; high co-payments, such as for dental treatment 	<ul style="list-style-type: none"> • Many citizens are not insured • Access to good healthcare is possible but the system is expensive • Choice of doctor determined by the individual's chosen health plan • When a person loses their job, they may also lose health insurance coverage

Public vs. private in Germany. At a glance.

You've seen the differences between the healthcare systems of three countries. Next, we'll take a closer look at the ways in which Germany's two systems differ from each other.

The information below outlines the key differences between public and private health insurance in Germany. In the chapters that follow, we will explain the factors that are most important for you as an expat.



Private Health Insurance

System:

- Policyholders' premiums cover the rising costs of their healthcare as they grow older.
- Risk assessments protect the insurance collective from being overburdened.
- Focused on the individual but assumes solidarity between the healthy and the sick.

Premiums:

- Premiums dependent on the chosen tariff, age at entry, and state of health.

Coverage scope:

- Treatment coverage is contractually stipulated and remains effective for a lifetime.
- Payments for treatments are settled between you and your doctor.



Public Health Insurance

System:

- Young and healthy people finance the care of the elderly and sick.
- Nobody can be rejected on account of the state of their health.
- Based on the intergenerational contract and designed in accordance with the principles of the social state.

Premiums:

- Premiums are based on income.

Coverage scope:

- Treatment coverage is determined by legislators and can be amended at any time.
- Payments for treatments are settled between your doctor and your public insurance provider.

Making the best choice for your health.

Expats not only have to plan for the next few weeks and months, they also need to make decisions on issues further in the future. This is certainly true when it comes to choosing health insurance in Germany. The clearer your vision of what you want from life, the easier the choice will be.

As an expat, you may be free to decide between public and private health insurance, depending on your income and employment status.

You should consider the following factors carefully before making your decision:

1. The cost of protecting your health

→ [See page 10](#)

2. The treatments and services your insurance covers, in Germany and abroad

→ [See page 23](#)

3. Your plans for family and the future

→ [See page 27](#)

Want to save time but still get a good idea of how it all works?

At www.ottonova.de/expat-guide, we explain in a nutshell how the German health insurance system works and what ottonova offers. You will also find plenty of helpful tips and information to help you settle into your new life in Germany.

This eBook is a good starting point for expats looking into German health insurance.

Want to know exactly how opting for one system or another will affect your financial plans? Our insurance experts will be happy to advise you in English!

Get your consultation here!

[Click here!](#)

Checklist to help you make your choice.

Even if you aren't currently in a position to say exactly how long you will stay in Germany, your choice of health insurance is still an important decision with implications for your future. Ultimately, this decision is about how you want to safeguard your health while in Germany.

When choosing which form of health insurance to take out, it is worth giving some thought to your needs and the opportunities open to you. Our checklist can serve as your initial guide and help to make matters clearer for you.

Start with the question: 'What plans do I have for my time in Germany?'

To help you address the key issues, make sure you answer the following questions in your notes:



Planning for a family:

- Can you imagine starting a family in Germany?
- Do you already have a family? How are they covered?
- How many children do you have? How many would you like to have?
- Would you prefer to stay at home while your child is young or continue to work?



Career & income:

- Do you already have an offer of a job in Germany or will you only start looking for a job once you've arrived?
- Are you employed or self-employed?
- What is your current income?
- How is your income likely to change in the future?
- How secure is your job?
- Do you have any savings?
- How much do you currently pay for health insurance and other treatments?



Priorities:

- How important is the issue of health to you?
- Do you want to secure the best possible treatment for yourself and your family if you get ill or is basic medical care sufficient?
- Would the security of having better healthcare reassure you?
- Do you want to provide for your future through your health insurance?
- Do you love an adventure or do you prefer to plan your life out thoroughly?
- Do you plan to travel abroad from Germany on a regular basis?

When choosing your health insurance, you should ideally find a policy that's as unique as you are.



With that in mind, this eBook poses questions about you and your life that only you can answer. Be as honest as possible, note down your responses and, by the end, you'll be in a position to make an informed decision.

5 factors you should be thinking about.

Do you have a clear idea of your plans for the future? If so, the next stage is to consider the five most important factors affecting your choice between private and public healthcare in Germany. We've compiled the key facts and figures at the start of each chapter so you can get a quick idea of the main points.

Factor 1: Costs

→ [Page 10 – 16](#)

Factor 2: Different Systems

→ [Page 17 – 19](#)

Factor 3: Degree of Choice

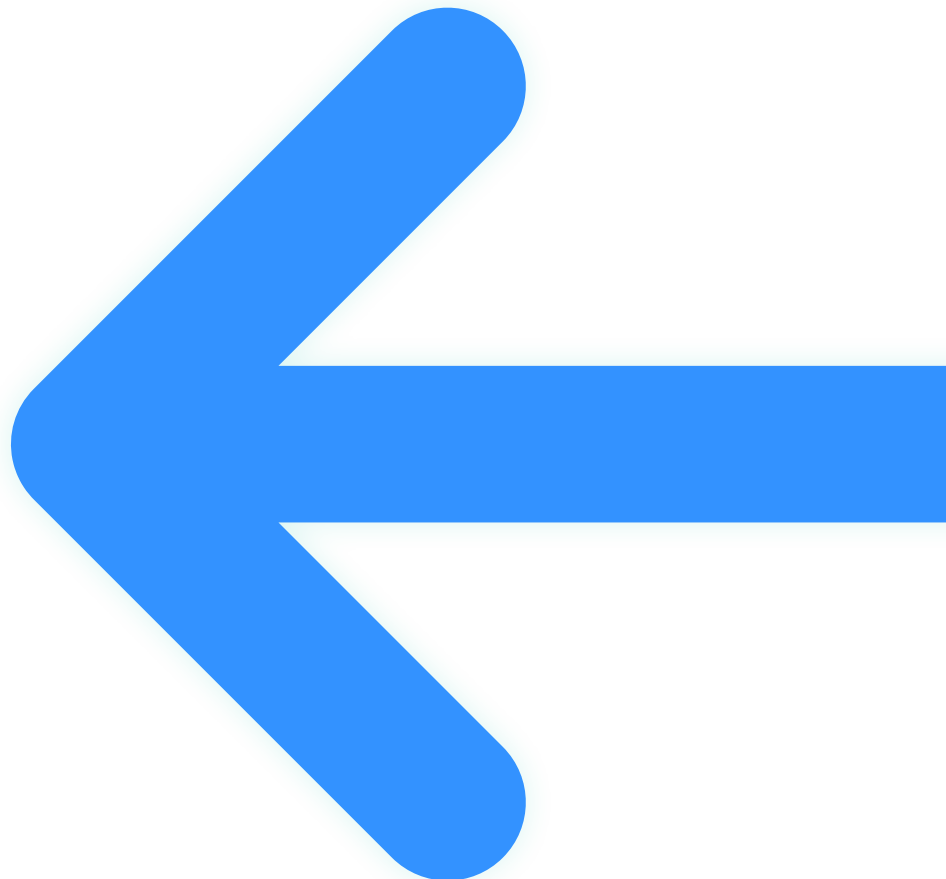
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Factor 4: Coverage

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Factor 5: Your Future

→ [Page 27 – 29](#)



Factor 1: Costs.

Organizing the move to another country, making important visits to government offices, taking out the necessary insurance policies – the start of a life as an expat is full of investments. In Germany, you can choose a health insurance package suited to your financial plans. In addition to the costs involved in protecting your health, you should also give thought to the treatments and services that are important to you. You can find out more about that [on page 24](#). This chapter is dedicated to how premiums are structured in the two German health insurance systems and what it might cost to safeguard your health and that of your family in Germany.

Summary of the key facts:



Private Health Insurance

Premiums:

- Not dependent on income; health insurance and long-term care insurance premiums are based on your health and the age at which you take out private insurance.
- Your employer pays a share of your monthly premium; the maximum they can contribute is the amount they would pay for a publicly insured employee (max. €367.97 for health insurance and €71.48 for long-term care insurance)
- Family members' premiums and additional payments to reduce social security contributions in old age can also be subsidized up to this limit.

For expats with a family:

- Each family member living in Germany and insured in Germany pays their own premium – depending on their age and occupation. This means that spouses and children are independently insured.
- Children pay significantly less than adults.



Public Health Insurance

Premiums:

- Dependent on income – 14.6% of your income up to a maximum income limit (€56,250 per year).
- Other payments include 3.05% of your income for long-term care insurance; those without children pay slightly more at 3.3%. Your employer contributes 1.525% of your income.
- The overall employer contribution is 50%. In addition, each public health insurance provider levies individual surcharges (on average 1.1%) that are jointly paid by the employer and employee.

Family:

- Spouses with a low income (up to €455) and children are co-insured in Germany free of charge. However, this cover does not extend abroad.

How much does health insurance cost in Germany?

In Germany, people with public health insurance are often unaware of how much they pay for their insurance each month. Their premium is not taken from their bank account; instead, it is offset against their pay. So, if you take out public health insurance, the way to find out how much you're paying is to examine your paycheck. The example below should give you an idea of how high your monthly premiums might be with public health insurance:

Entgeltabrechnung		04/2020		Seite: 1			
Firmen-Nr. 99996		Bescheinigung gemäß ... - § 106 Abs. 3 S. 1 Gewerbeordnung - Entgeltbescheinigungsverordnung Bitte aufbewahren!					
Firma Muster-Firma GmbH & Co. KG		ELSIAM Nein Berufsgruppe 1					
Personal-Nr. 2		Steuerklasse 1 Pers-Gruppe 101					
Krankenkasse Muster-GKV-Gesundheit		Steuerfaktor 0,000 mehrfachb. nein 0					
Eintritt/L-Eintritt 15.11.03 / 00.00.00 Geb. tag 16.08.89		Kfb 0 Gleitzone nein 0					
Austritt SV-Nr. 021608793512		Konf. AN / EG 0 Berufsst. VE nein 0					
Steuer-ID		Urlaub					
Muster-Firma * GmbH & Co. KG Musterstraße 99999 * 99999 Musterstadt		Tage VJ alt Tage neu					
P-Nr. 2		Tage LJ alt Vergütung VJ					
KoSt. 1000		Genommen 24,00 Vergütung LJ					
Persönlich / Vertraulich		Pfändung Stand alt Rate Stand neu					
Herr Markus Musterman		S					
Mustergraben 42		AG-Darlehen					
99999 Musterstadt		Stand alt Zu-/Abgang Stand neu					
Status		Zeitkonten					
Info		ZK/AGK STD					
		Flexikonto €					
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Summe der Brutto-Bezüge		Steuer (inkl. Kammerbeitrag)					
Gesamt-Bruttoentgelt 63.000,00		Sozialversicherung (inkl. See-SV / Winter-Umlage Bau)					
Steuer Monat 0,00 Jahr 0,00		Nettolohn					
Freibetrag 30 5.250,00 330 63.000,00		KV-Brutto 0 0,00 0 0,00					
Steuer-Brutto 0,00 0,00		RV-Brutto 30 5.250,00 330 63.000,00					
davon einmalig 0,00 0,00		AV-Brutto 30 5.250,00 330 63.000,00					
LSt 1.078,50 12.942,00		PV-Brutto 0 0,00 0 0,00					
SolZ 59,31 711,72		KV (14,60% + 1,1%) 9 367,97 4.316,64					
KiSt 0,00 0,00		RV (18,00%) 1 488,25 5.859,00					
Kammer 0,00 0,00		AV (2,50%) 1 63,00 756,00					
SV Monat 5.250,00 Jahr 63.000,00		PV (3,05%) 1 83,20 998,40					
davon einmalig 0,00 0,00		Bau ZVK-Brutto 0,00 0,00					
KV-Brutto 0 0,00 0 0,00		Bau ZVK-Beitrag 0,00 0,00					
RV-Brutto 30 5.250,00 330 63.000,00		Überweisung 3.109,77					
AV-Brutto 30 5.250,00 330 63.000,00		Bank DEUTSCHE MUSTERBANK					
PV-Brutto 0 0,00 0 0,00		BIC / IBAN DEUT DE SM 686 / DE51666700060013585567					

You can find precise insurance costs here.

€367,97

Your income-contingent health insurance premium
Your employer pays the other 50% of this.

€83,20

Premium for long-term care insurance
Your employer pays the other 50% of this.

Example pay statement for a gross monthly income of €5,250.

Fact:

If your income is above the premium assessment ceiling* (Beitragsbemessungsgrenze), you will not pay more than **€890 per month** towards public health insurance – and around half of this will be covered by your employer.

Totaled up across their life, the average German will pay **€250,000** in public health insurance premiums. Even as an expat, if you opt for public health insurance, your premiums will still mount up.

Given the sums of money involved, it seems baffling that some people leave their choice of health insurance to chance. Wherever large sums are involved, there is scope for savings.

Tip: As an expat, private health insurance is often the less expensive option. The reason for this is outlined under [Factor 5: Your future](#).

Make sure you weigh up how you can get the best deal for your money. In this case, 'best' doesn't mean cheapest – it means the most suitable cover for you. After all, when it comes to your health, money isn't everything. As an expat, you will have the choice of how much you want to pay to safeguard your health. In doing so, you will decide which treatments and services are most important to you.

*** The premium assessment ceiling in public health insurance is the upper limit used to calculate your premium. This limit is €56,250 per year.**



In public health insurance, your premiums depend on your salary and are calculated as a percentage of your income. The premium assessment ceiling caps this premium – though the ceiling has been rising consistently in recent years.

How much does public health insurance cost?

The lower your income, the lower your premiums.

Who might benefit from this?

If you are not sure how much you will earn during your time in Germany, public health insurance can be an affordable way to get started. Ultimately, if your earnings fluctuate, your health insurance premiums will change accordingly. Public health insurance can be a good choice – from a purely financial perspective, at least – if you already have a family and they will be living with you in Germany, or if you plan to start a family while living in the country. The German public health system includes family insurance under which children or spouses with low incomes are covered free of charge – you do not need to pay any additional premiums. However, if the family insurance for your children or spouse ends during your time in Germany – because, for example, your spouse starts a job that makes them liable for social security contributions – your premiums will not decrease as a result.

Good to know:



- The public health insurance system also requires policyholders to make co-payments for medications, remedies, and therapeutic aids. In addition, people with public health insurance have to cover the full cost of non-prescription medications. If you suffer from a prolonged illness, these payments can soon add up.
- Many publicly insured people in Germany also opt for supplementary private dental insurance because they consider the coverage provided by statutory insurance to be insufficient. This option is also open to expats during their time in Germany. As an approximate figure, public health insurance only covers 50% of the cost of standard dental care. However, depending on the specific treatment or the material used in dentures, publicly insured policyholders can soon see their share of costs rise to 70% or 80%.
- If you choose the public health insurance system, it is also worth taking out supplementary hospitalization insurance. A policy of that kind would give you the freedom to choose which specialist will perform your treatment and at which hospital. What's more, although inpatients in the USA usually stay in private or semi-private rooms as standard, this requires an additional insurance policy in Germany. The costs associated with this insurance are on top of your standard public health insurance premium.

How much does private health insurance cost?

In the private health insurance model, your premiums are not determined by your income. Instead, the costs are based on factors such as your age, your health, and your chosen scope of coverage.

There are various price models and the price is heavily determined by the scope of coverage and your chosen tariff.

In the private health insurance system, each individual offsets their own risk. That is why, in the private system, a medical examination is required to assess the risk you represent from a statistical viewpoint. If you have existing conditions that elevate your risk of illness, these can be included in your insurance policy for a risk surcharge. If you suffer from serious illnesses or your job poses particular risks, insurance providers may decline to offer you cover.

In case your income exceeds €56,250 per year, opting for private health insurance would save a relatively large amount.

If you are planning to move your family to Germany with you, or have plans to start a family while in Germany, you should compare the public and private insurance systems carefully – each family member is subject to separate insurance contributions. If your family stays in your home country, they will need to be insured there. Various exceptions apply to EU nationals who live in one EU member state, work in another member state, and can access medical care in both countries.

Good to know:



- In many cases, tariffs with cheap, eye-catching rates are only made possible by high patient contributions and gaping holes in healthcare coverage, often hidden in the small print. As a result, extremely cheap policies are rarely advisable. What's the good of paying a low monthly premium if you have to pay a large share of the costs from your own pocket in the event you fall ill? Although you should expect your premiums to increase during your time in Germany, low-cost health insurance premiums are likely to entail drastic hikes.
- With private health insurance, you often have the ability to adjust your premium, such as by selecting a low level of sick pay. You receive sick pay from your insurance provider if an illness renders you unable to work for a period of more than six weeks. However, you should take professional advice on this option and only go ahead if you have sufficient savings and are in good health.
- If a private health insurance policy is profitable – because fewer policyholders have fallen ill or thanks to good economic management – the policyholders benefit from this. For German policyholders, this could result in higher savings being put aside for later in life or refunds on premiums.

Sample calculation: Private vs. public.

For a single 30-year-old employee with an income above the premium assessment ceiling.



Private premium* from €279

Dental treatment	included
Hospital treatments	covered

Cost per month with an Expat tariff €268

* Policyholder share of private insurance premium, incl. long-term care insurance (analogous to public insurance)

How can I make savings?

In the German private health insurance system, the earlier you take out a policy, the lower your premiums will be. People are often healthier at a young age. As part of their premium, private German policyholders also put away savings for later in life known as called old-age provisions or 'Alterungsrückstellungen'. The later in life a person takes out a policy, the more ground they have to make up

Expat tariffs for people who plan to stay in Germany for a maximum of five years do not include any old-age provisions – which is why expat tariffs are so favorably priced. Of course, if you intend to stay in Germany for the long term, you can also opt for a tariff that includes provisions for old age.

Patient contributions are a common element of private insurance tariffs. This involves paying a share of your healthcare costs up to an annual limit. The higher your patient contribution, the lower your monthly premium.



Public premium** €450

Supplementary dental insurance	€28
Hospital treatments	€46

Cost per month with public insurance €524

** Policyholder share of public insurance premium, incl. long-term care insurance (analogous to private insurance)

What is covered?

The public health insurance coverage shown in the example only closes gaps in dental and inpatient hospital care. If, for instance, you also wanted to close gaps in outpatient treatment, or to have the option of seeing alternative / non-medical practitioners, or to have the costs associated with visual aids or similar items reimbursed, your monthly premiums could soon creep up to the €700 mark.

How can I make savings?

Public health insurance offers bonus systems and optional tariffs. These might allow you to earn higher subsidies by collecting stamps when you visit the dentist – over a long period of time, of course – or to have your premiums reimbursed if you do not make any claims.

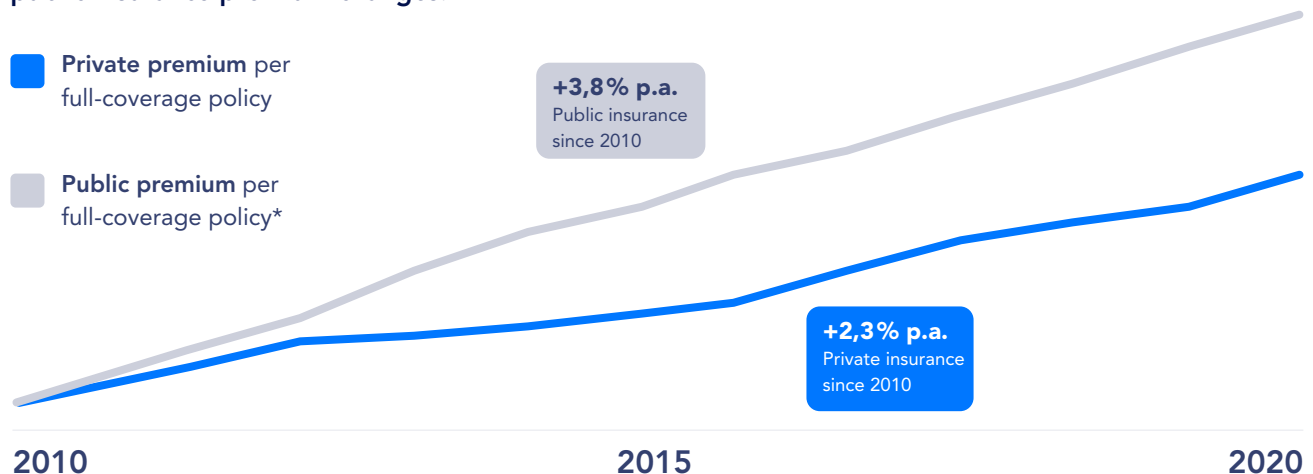
Premium increases: Will I be affected as an expat?

Many people in Germany are feeling nervous about the future, fearing that health insurance premiums are set to rise significantly. It is already clear that premiums will have to increase in both the public and private health insurance systems.

Reasons for premium increases:

- General inflation
- Medical progress and increasingly effective – but often more costly – treatments and medications
- An aging population – demographic change is already impacting on public health insurance premiums

A comparison of private and public insurance premium changes:



*Not including federal subsidy

Source: Federal Ministry of Health (BMG) / Wissenschaftliches Institut der PKV (WIP), using data from the BMG, BVA and PKV-Verband
Date: 10/2017

Questions: Costs

- How much do you expect to earn in Germany?
- Do you need to account for any family members?
- What is your health worth to you?

Factor 2: Different systems.

This chapter will help you get to know some of the features of the two insurance systems in Germany

The dual insurance system in Germany:

- **Public:** Services primarily set out in the German Social Code (SGB V).
- **Private:** The law only prescribes a rough framework for the scope of private coverage; each health insurance provider defines the scope of coverage of the tariffs they offer.

In 2019, there were 109 public and 45 private health insurance providers in Germany. The benefits and future prospects of the two systems within society differ significantly.

However, they have one thing in common:

All insurance providers operate in accordance with the principle of a large, shared pot. All policyholders pay their monthly premiums into this pot. If one of them falls ill, the community uses the assets in the pot to cover the healthcare costs. Healthy policyholders finance sick policyholders. Insurance providers thus always act in solidarity with, and in the interests of, their collective. This principle can be traced back to Otto von Bismarck and has influenced the healthcare systems in other countries, such as Japan. However, the two insurance systems manifest this principle in different ways:



Private Health Insurance

Cost-reimbursement principle:

- Doctors settle bills with the policyholder.
- The policyholder then applies to the private insurer for reimbursement.
- Scope of coverage contractually guaranteed. Changes may only be made at the client's request.

Capital-based cover principle:

- The healthy finance the sick.
- Each generation needs to provide for itself in later life.
- Not dependent on income.



Public Health Insurance

Benefit-in-kind principle:

- Doctors settle bills with the public insurer.
- Policyholder is not usually involved in this process and is not issued an invoice.
- Scope of coverage set down in statute law, so can be amended at any time.

Contribution principle:

- The young and healthy finance the old and sick.
- Current costs apportioned among all members.
- The more you earn, the more you pay.

Issue 1: Costs in old age.

A person will incur far higher healthcare costs later in life than when they were young.

What approach does public health insurance take?

- **Public health insurance follows the contribution principle.**

Younger members of the working population cover the healthcare costs of older members of society. In a similar way to the statutory pension system in Germany, a generational contract forms the basis of the public health insurance system.

What approach does private health insurance take?

- **Private health insurance follows the capital-based cover principle.**

Everyone offsets the rising costs of their own healthcare in old age. In this approach, privately insured people in Germany who will draw a pension in Germany put aside provisions for their old age. If you would like to stay in Germany and put aside money for later in life with private health insurance, you can read more about your options under [Factor 5: Your future](#).

Good to know:

Unlike the situation in the USA, for example, if you lose your job in Germany, you will not lose your health insurance coverage. While this might mean you have to switch from private to public health insurance, you are guaranteed to be covered and receive healthcare if you fall ill.

Why are private patients so attractive for doctors' practices?

If you are privately insured, your doctor will not know whether or to what extent your insurer will reimburse your healthcare costs. Instead, your doctor will bill you directly for services according to a fixed scale. Doctors earn significantly more for treating private patients than publicly insured patients, whose treatment is subject to fixed budgets and restrictions. In fact, treating private patients is often 50% to 100% more lucrative for them.

Issue 2: Bills.

You will also be able to see the effect of the different principles that underpin the private and public health insurance system quite clearly in your daily life as an expat.

How do bills work under public health insurance?

If you choose public health insurance and visit the doctor, you will not receive a bill for treatments covered by your insurance. This means there is little organizational effort required on your part and your bank account will remain untouched at this stage. Your public insurance provider will provide you with an insurance card, which you present when you visit the doctor. The practice can then bill your insurance provider for your treatment.

You are not involved in this payment. You only have to (co-)pay if, for example, you take a prescription to the pharmacy or make use of other services or treatments that require a patient contribution. In addition to medications, services subject to co-payments include inpatient hospital stays and having dentures fitted.

How do bills work under private health insurance?

As a private patient, you are directly involved in the billing process with your doctor, who will bill you directly for your treatment. You then have 14 days to pay. This means you can submit the bill to your insurance provider immediately and pay your doctor once your insurance has reimbursed you. So, while you are not required to make payment before reimbursement, you will be fully informed of the services rendered. In addition, private health insurance puts you in a more favorable position in legal terms. Although you will not enter into a direct contractual relationship with the person administering your treatment, as a private patient you have a service agreement with your doctor. In the event of medical malpractice, you have the option to sue your doctor directly. Consequently, doctors are often far more attentive when treating private patients.

Questions: Different systems



- What principles do you want to underpin your health insurance?
- What sort of relationship would you like to have with your doctor?
- Do you want payment taken completely out of your hands or would you prefer to be fully informed about the costs involved?

Factor 3: Degree of choice.

Taking out health insurance is mandatory in Germany. However, not everyone has the option of being privately insured. This section explains the conditions you will need to meet to be eligible for private insurance.

Summary of the key facts:



Private Health Insurance

Who is eligible?

- Employees with a regular income above the annual pay threshold (2020: €62,550 per year) are eligible for private health insurance.
- Groups eligible regardless of income:
 - Self-employed people
 - Public officials
 - Students otherwise eligible for private insurance
 - Children whose parents have private insurance

Is health status considered?

Yes, all applicants must pass a medical exam – except newborn babies.

Age restrictions when changing system?

In theory, it is possible to switch to the private insurance system at any age. However, it is usually very expensive for older people to do so as they will only start to set aside old-age provisions at a later stage in life.



Public Health Insurance

Who is eligible?

- As a fundamental rule, everyone.
- Employees with a regular income below the annual pay threshold (2020: €62,550 per year) must take out public health insurance.

Is health status considered?

No, there are no health-related requirements.

Age restrictions when changing system?

It is only possible to switch from the private to the public system where eligibility conditions demand. It is not usually possible for those aged 55 and over.

Who is free to choose between the two health insurance systems in Germany?

The following groups are free to choose between public and private health insurance:

- Employees with a regular gross income above the annual pay threshold of €62,550 (which corresponds to €5,212.50 per month)
- Public officials
- Self-employed people
- Certain professional groups, such as the clergy and judges

Who is obligated to take out public health insurance?

The following groups must take out public health insurance and are not eligible for private insurance:

- Employees with a gross salary of €5,212.50 per month or less
- Students not eligible for private insurance
- People of retirement age who spent up to 90% of the second half of their working life in the public health insurance system
- Unemployed people
- Farmers and gardeners
- Sailors

Will you be accepted?

Good to know:

The issue of whether you can take out private health insurance also depends on individual insurance providers. They are not obligated to accept applicants and have the right to decline applications if, for example, a person's health risk is too high.

Exception:

Retrospective child insurance. If you have been privately insured for at least three months and then have a baby, you can register your child in the private health insurance system within two months of the birth. Your insurance provider will be obligated to accept the application retrospectively and without a health check.

In what circumstances might you be exempt from mandatory public health insurance?

- If you fall below the salary threshold because the threshold has been increased
 - If you are on parental leave
 - Expats who want to stay in Germany can be exempted from mandatory public health insurance if they enter partial retirement and have been privately insured for at least five years
 - When you start a new course of studies, enter retirement, or become unemployed (and receive unemployment benefits and have held private health insurance for five years)
- Certain groups, such as self-employed people, are not obligated to take out public health insurance and always have the freedom to choose between the two systems.

Questions: Degree of choice



- What are your career plans?
- How does health insurance fit into these plans?
- Will your job, age and income allow you to switch to the private health insurance system during your time in Germany?

Factor 4: Coverage.

The German system of mandatory health insurance means that, even as an expat, you will be able to access healthcare if you fall ill and will not have to bear the costs alone. The question is what you get for your money. From treatments and medication to physiotherapy and rehab, recovery can be a long and complex process – and comes at a cost.

What healthcare will you receive in the worst-case scenario?

You should give this question some thought while you are in good health – because, by the time you become unwell, it is usually too late to switch to private health insurance.

Summary of the key facts:



Private Health Insurance

Based on a contract:

- Costs reimbursed for treatments and services covered by the concluded contract.
- Wide spectrum of tariffs, ranging from policies with a low level of cover to comprehensive policies offering premium protection.

Coverage security:

- Scope of treatments and services is contractually guaranteed.



Public Health Insurance

Based on legislation:

- Publicly insured people are covered for appropriate, practicable and necessary treatments and services.
- Coverage is determined by legislators and is subject to the efficiency principle.
- The treatment must be an efficient means of achieving the desired outcome.

Coverage security:

- Scope of treatments and services can be amended through changes in the law.

What treatments and services will you receive under public health insurance?

In Germany, people with public health insurance receive a high standard of healthcare. Under the public insurance system, legislators determine which treatments and services you receive. For the most part, these are the same for all policyholders across all insurance providers. Public health insurance always includes long-term care insurance and income replacement (sick pay) insurance. Sick pay covers your salary if an illness renders you unable to work for a period of more than six weeks.

Your room to maneuver:

- When it comes to supplementary treatments and services, such as osteopathy and acupuncture, health insurance providers have some scope to differentiate themselves. It is worth comparing the options open to you. However, even if you find a public insurance provider that offers supplementary treatments like these, they can also be removed from your coverage at any time.
- In the public insurance system, you can choose to supplement the basic statutory cover with additional private insurance policies or to pay for treatments not covered by your insurer out of your own pocket.

Example: Composite dental fillings

In dental treatment, many patients prefer composite fillings as they have an attractive, natural appearance and do not give rise to any health concerns. Amalgam, on the other hand, is cheaper, and is therefore the filling material covered by public health insurance – provided that the filling is not in the anterior (front) tooth area and the patient is not allergic. The extent to which amalgam fillings are harmful also remains disputed. What is certain, however, is that amalgam fillings are long-lasting, efficient and aesthetically acceptable. While they may not be the best solution, they do the job and are an efficient solution, thereby meeting the legal requirements. If you want a superior solution, such as a composite filling, you have to pay for it out of your own pocket.

Need a better Solution?

Good to know:

German law states that public health insurance must provide a basic level of appropriate, practicable and necessary treatments and healthcare services that does not go beyond what is necessary.

What treatments and services will you receive under private health insurance?

In the private insurance system, the coverage stated in your contract cannot be curtailed by the state or your insurance provider. The defined scope of coverage is valid for the duration of the contract and is legally protected. If security and reliability are important to you during your time in Germany, private health insurance is the ideal option for you.

Treatment options

Privately insured patients often have the choice between several treatment options and have access to modern procedures without having to wait for months for an appointment. Some tariffs cover treatment in private clinics and from an experienced senior physician (Chefarzt). The value of such coverage is inestimable. The benefits are highly individual and can be a decisive factor in safeguarding a person's health.

'Private health insurance always provides better treatments.'

If you talk to Germans about the topic of private insurance, you're sure to hear this statement time and again. However, this blanket statement is not entirely accurate, as the coverage you receive under private health insurance will depend on the tariff you choose. Some entry-level tariffs actually offer a level of coverage far inferior to public health insurance. You should therefore always check the terms of your contract – and, since many tariffs are formulated in language that makes them difficult for the average person to understand, it is always worth obtaining specialist advice. Being an expat puts you at an advantage, as private insurers (such as ottonova) offer expat tariffs that are specifically tailored to your needs – but still reasonably priced. If you focus your search on health insurance for expats, it will make the decision much simpler for you.

Will I be insured for international travel?



Many expats who move to Germany are thrilled at the opportunities to travel. After all, countries like France, the Netherlands, Italy and Austria are close by and well worth a visit. As a general rule, private health insurance will cover you for a one-month trip abroad.

Here at ottonova, we also automatically insure you for overseas travel – no matter whether you are heading home to visit your family in the USA or UK or traveling to another country outside the EU. Depending on which tariff you choose, our insurance covers you for two to six months of travel in Europe and the rest of the world.

Your room to maneuver:

- The advantage of private health insurance is the broad spectrum of tariffs on offer. Each insurance provider will offer different contracts, leaving you to select the cover best suited to your needs. If having access to certain treatments or services is particularly important to you, you should choose a tariff that is strong in that area.
- Unlike public health insurance, the sick pay you receive if you are unable to work for a period longer than six weeks is not automatically included in private health insurance. Instead, you can choose whether you would like to include this cover and, if so, to what extent. One particular advantage is that privately insured people can choose sick pay that covers their entire net income. In the public system, sick pay will always be lower than your net income.
- What's more, you can change tariffs within the private insurance system if your needs change over time.

→ **Caution:** Switching to a tariff with greater coverage may require a new health check.

Questions: Coverage



- How important is it that your insurance covers specific treatments and services?
- Do you want to access the best possible healthcare without long waiting times?
- Does the knowledge you can always rely on the state for a basic level of healthcare set your mind at ease – or would you rather tailor your cover to your individual needs?

Factor 5: Your future.

You have now familiarized yourself with some of the key facts about health insurance in Germany – the most important things expats should know.

What should you do if you decide to stay in Germany for the long term?

Apart from the fact that you will be able to apply for citizenship after a few years living in Germany, little will change in respect of your health insurance at first – except that you will have more opportunities to set aside provisions for old age.

Summary of the key facts:



Private Health Insurance

Retirement age premiums:

- You continue to pay your premiums as before – with subsidies provided through your old-age pension insurance rather than your employer.
- Some elements will no longer be included, such as the portion for sick pay.

Old-age provisions:

- Interest-paying old-age provisions counteract growing healthcare costs.
- Lower contributions required in old age on tariffs providing relief from social security contributions, policyholder free to select level of relief.



Public Health Insurance

Retirement age premiums:

- Pensioners with statutory health insurance will pay a contribution rate based not on their income but on their statutory old-age pension and income from other sources, such as company pensions.
- Long-term care insurance: This element must be paid in full by the pensioner.

Old-age provisions:

- In the public insurance system, nobody can set aside provisions specifically for old age.
- Instead, the next generation of young people is bound to cover the increased healthcare costs of older people.

What will happen to your premiums if you decide to leave Germany?

If your thirst to explore the world remains unquenched and, after a few years, you decide to move away from Germany, you will need to arrange new health insurance in your new country of residence.

If you are privately insured in Germany, such as with ottonova.

You can simply cancel your contract. All we need from you is an 'Abmeldebescheinigung' – a certificate of departure – which you can obtain from your local foreigner's registration office, the 'Ausländerbehörde'. We will terminate your contract promptly, allowing you to embark on the next phase of your life. If you choose to move to another country after more than five years in Germany and have already set aside old-age provisions, you will not be permitted to take this with you. These funds will remain in the collective. If you are only moving to another country for a definite period before moving back to Germany, you should ask your insurance provider about the possibility of 'freezing' your contract until you return. This will enable you to protect your old-age provisions.

If you choose the public insurance system, you will also need to provide an 'Abmeldebescheinigung' when you leave. You may be required to observe a three-month notice period. Make sure you look into this well in advance and arrange subsequent insurance cover for your new country in good time. In the public health insurance system, you will pay old-age pension insurance from the outset.

If you have lived in Germany for less than five years before relocating to another country, you can apply to have some of your pension contributions reimbursed. If you have paid into the public health insurance system for more than five years, you may be entitled to draw a German pension later in life – even if the payments are likely to be quite low. Plus, if you return to Germany at a later date, you will be able to start paying into old-age pension insurance again without any issues.

Good to know:



- **Private:** Expats who live and work in Germany for up to five years are not obligated to put aside old-age provisions. If you wish to stay in Germany for longer than five years and have private health insurance, you will usually be able to switch to a standard private insurance tariff and thus put aside provisions for later in life.
- **Public:** In the public health insurance system, your premiums always include old-age pension insurance. If you live in Germany for more than five years, you will then be eligible to draw a statutory old-age pension – in many cases even if you no longer live in Germany.
- If you leave Germany after living in the country for less than five years, you can apply to have a portion of your pension contributions returned to you. Your current health insurance provider will be able to explain the options open to you.

By choosing private health insurance, you provide for your old age.

Do you want to stay in Germany and, as a privately insured person, save funds for your old age? We have two tips for you:

1. Opt for private health insurance while you're young:

- The earlier you take our private health insurance, the earlier you start to build up a financial cushion for later in life – which will reduce your insurance premiums in old age. As a general rule, your overall income is likely to be lower in retirement than during your working life.

2. Find out about premium relief components:

- 'Beitragsentlastungskomponente' – or premium relief components – work as follows. You pay a set sum in addition to your premium. Your insurance provider invests this sum and guarantees that your premiums will be reduced
- The main benefit here relates to employees, since employers subsidize premium relief components up to the maximum employer subsidy limit. However, as the components are also tax-deductible, so are a particularly attractive option for self-employed people, too. This means private health insurance allows you to build up old-age provisions with a yield you would be unable to find anywhere else.

Questions: Your future

- Could you imagine retiring in Germany?
- How do you plan to provide for yourself financially in old age?
- Would you like to put money aside for your future while choosing a health insurance provider?

8 reasons why ottonova is a smart choice.



- 1 Special expat rates**

Save money and benefit from excellent coverage, with expat rates made especially for strong individuals like you.
- 2 Get your visa with us**

ottonova fulfills all legal requirements and supports you throughout the process, making obtaining a visa a piece of cake.
- 3 No paperwork at any point**

Register with us online without having to fill in any paperwork. During your time with us, you will be able to take care of any health-related issue via our app.
- 4 Personal Concierge team**

Our dedicated English-speaking team will answer any questions you might have. We will be happy to help you navigate the German healthcare system.
- 5 Digital doctor's visit**

Use the ottonova app to make a video call to an English-speaking doctor and get a diagnosis, treatment plans, and even sick notes.
- 6 Lightning-fast reimbursement**

Simply upload your invoice via the app and receive your money for valid claims long before you have to pay the doctor.
- 7 A simple solution for your health**

The timeline in your ottonova app gives you a chronological overview of all key interactions with us as well as reminders for your upcoming appointments.
- 8 Easy medical exam for expats**

Receive your medical examination whenever you like and wherever you are.

Ready for private health insurance?



This is the easiest way to do it!

If you are an expat in Germany and want to take out private health insurance, you need to be aware of one issue above all: To be approved for private health insurance in Germany, each potential customer must undergo a medical examination if they have not been insured by a German insurance provider for 3 years to date. This is necessary because private insurance providers insure against the risks associated with each individual policyholder.

How to cross the medical examination off your to-do list

ottonova offers you a stress-free way to have your health status checked – quickly, easily and, most importantly, without language barriers. To make your life as an expat in Germany easier, ottonova has teamed up with Medicals Direct. As our partner, they simplify the process for you and give you the opportunity to receive the exam in English.

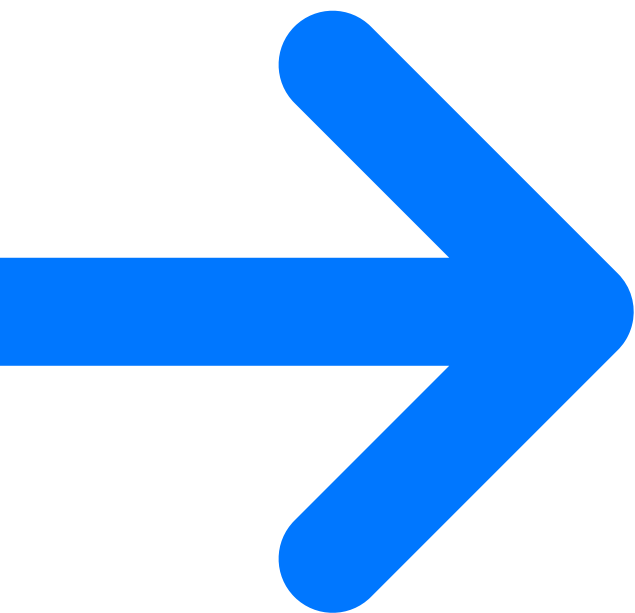
Why is the medical exam necessary? And how does it work?

- This examination helps the health insurance provider to assess a person's insurance risk and determine whether they are eligible for the quoted expat tariff.
- It involves several tests to check your health status (such as taking your blood pressure and performing a complete blood count). The whole check-up is in English and you can choose when and where you want to receive it.
- The results of your exam will then be sent to ottonova, so that we can determine whether we are able to insure you. You'll get your results when you finalize your contract with us.

Made up your mind?

You now know the most important facts about the two health insurance systems in Germany and have a better idea of which system is best suited to your plans. Private insurance is a particularly good option for you if you have high professional ambitions and want a premium that will not rise with your salary. It also allows you to access outstanding healthcare services. What's more, a modern and digital health insurance package, like that offered by ottonova, saves you the hassle of doing paperwork and the awkwardness of language barriers.

Have you made your mind up? Is anything still unclear? Our insurance professionals would be happy to advise you, free of charge. Our experts offer advice and support in the following languages: German and English.



You can make an appointment to speak to one of our English-language specialists at

www.ottonova.de

or call us direct on:

+ 49 (0) 89 12 18 96 09

ottonova eBook glossary.

German is full of long compound nouns and abbreviations – and health insurance is no exception! While most of these terms are covered in this eBook, you are likely to encounter the rest at some stage of your time in Germany.

German	English
Abmeldebescheinigung	<p>Certificate of deregistration / departure</p> <p>If you decide to leave Germany, you will need to obtain this document from the local Ausländerbehörde in order to cancel your health insurance</p>
Allgemeinarzt	<p>General physician</p> <p>Comparable to a family physician in the USA or a GP in the UK</p>
Altersrückstellungen	<p>Old-age provisions</p> <p>Contributions made by German residents with private health insurance (PKV) to reduce their healthcare costs in old age. Expat tariffs are exempted.</p>
Ausländerbehörde	<p>Foreigner’s registration office</p> <p>You will need to visit your local Ausländerbehörde when you arrive to register as a resident, and when you leave to confirm your departure.</p>
Beitragsbemessungsgrenze	<p>Premium assessment ceiling</p> <p>If you opt for public health insurance, your premiums will be calculated based on your earnings up to this limit, currently €56,250 p.a.</p>
Beitragsentlastungskomponente (BEK)	<p>Premium relief components</p> <p>Additional, tax-deductible payments on top of your health insurance premium that guarantee premium reductions in old age.</p>
Betriebskrankenkasse (BKK)	<p>Company health insurance fund</p> <p>Most large companies and many SMEs operate their own health insurance fund for their employees.</p>
Chefarzt	<p>Senior physician</p> <p>Individuals with private health insurance can choose the doctor they want to perform their treatment, often including ‘Chefärzte’ – senior, experienced physicians.</p>
Facharzt	<p>Specialist doctor</p> <p>In most cases, a referral from an Allgemeinarzt is required to see a ‘Facharzt’.</p>

Gebührenordnung	<p>Scale of fees and charges</p> <p>In Germany, doctors charge for their services based on a fixed scale of fees and charges. This allows them to inform privately insured patients of treatment costs in advance.</p>
Gesetzliche Krankenversicherung (GKV)	<p>Public health insurance</p> <p>Also known as statutory insurance, this is the most common form of health insurance in Germany. It gives everyone resident in Germany access to the same basic level of healthcare, but rarely covers dental or specialist treatments.</p>
Jahresarbeitsentgeltgrenze (JAEG)	<p>Annual pay threshold</p> <p>Employees with regular income above this threshold (2020: €62,550 p.a.) are fundamentally eligible for private health insurance. Employees below this threshold must take out public health insurance.</p>
Kassenarzt	<p>Doctor treating publicly insured patients</p> <p>Not all doctors treat both privately and publicly insured patients. If you are publicly insured, you will need to find a Kassenarzt – a doctor who accept patients from alle Kassen.</p>
Krankenkasse	<p>Health insurance fund/provider</p> <p>When taking out health insurance in Germany, you will need to choose a public or private health insurance provider, often abbreviated simply to die Kasse.</p>
Kranken(haus)tagegeldversicherung	<p>Income protection insurance</p> <p>In addition to your health insurance, you can take out a supplemental policy that pays a flat amount if you are hospitalized or otherwise unable to work.</p>
Krankenversicherung	<p>Health insurance</p> <p>Though it translates literally as ‘sickness insurance’, you will need to take out Krankenversicherung for your time in Germany – it is a legal obligation..</p>
Pflegeversicherung	<p>Specialist doctor</p> <p>In most cases, a referral from an Allgemeinarzt is required to see a ‘Facharzt’.</p>
Private Krankenversicherung (PKV)	<p>Private health insurance</p> <p>Available to employees with income above the Jahresarbeitsentgeltgrenze, self-employed people and certain other groups, private health insurance is the alternative to public health insurance.</p>
Pflegeversicherung	<p>Specialist doctor</p> <p>In most cases, a referral from an Allgemeinarzt is required to see a ‘Facharzt’.</p>
Rentenversicherung	<p>Old-age pension insurance</p> <p>Though often referred to as a pension scheme or pension fund in the US and UK, the German system essentially treats a pension like an insurance policy.</p>

<p>Selbstbeteiligung</p>	<p>Copayment or deductible</p> <p>In the private health insurance system, policyholders can choose the amount of their Selbstbeteiligung – a copayment they make when they receive healthcare – and influence their premiums as a result.</p>
<p>Sozialgesetzbuch (SGB)</p>	<p>German Social Code</p> <p>This is the element of German law that sets out the fundamental terms of the social security system. The fifth book (SGB V) is the section that deals with health insurance.</p>
<p>Sozialversicherung</p>	<p>Social security</p> <p>Germany has an extensive social security system that provides a safety net for everyone in society. It includes unemployment insurance, health insurance, old-age pension insurance and more besides.</p>
<p>Sozialversicherungsausweis</p>	<p>Social security ID</p> <p>A unique ID, similar to a social security number in the US, that confirms you pay into statutory social security schemes (such as health insurance).</p>
<p>Versicherungspflicht</p>	<p>Obligation to hold health insurance</p> <p>In 2009, the German government made it mandatory for all residents to hold health insurance, either in the public or private insurance system.</p>
<p>Versicherungskollektiv</p>	<p>Insurance collective</p> <p>Both the public and private insurance systems are based on the principle of solidarity in which the aim is to protect the insurance collective – that is, the body of all policyholders at its heart.</p>
<p>Zahnezusatzversicherung</p>	<p>Supplementary dental insurance</p> <p>Most public health insurance providers only offer very limited dental coverage. As a result, many publicly insured people in Germany choose to take out supplementary cover to access a greater range of treatments.</p>

Sources and helpful links:

ottonova Expat Guide

www.ottonova.de/expat-guide

German Federal Foreign Office

<https://www.auswaertiges-amt.de/en/einreiseundaufenthalt>

How To Germany

www.howtogermany.com/pages/healthinsurance.html

German Federal Ministry of Health

<https://www.bundesgesundheitsministerium.de/en/topics.html>

German Federal Statistical Office

https://www.destatis.de/EN/Themes/Society-Environment/Health/_node.html