Chapter Four

Germany: The Increasing Centralization of the Health Care Sector

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Structural Features of the German Federal State

In contrast to other federations such as Spain, Canada, Belgium, or the United Kingdom, the Federal Republic of Germany is not a plurinational but a unational federation.¹ Still, the degree of constitutional federalism – measured by Requejo on a 20-point scale – is rather high and on a level with plurinational federations. In contrast, Requejo found the degree of decentralization is lower than in Canada or Belgium but higher than in quasi-federal Spain and the United Kingdom (Requejo, 2010). This first view on the issues of constitutional federalism and the degree of decentralization already points to the fact that in the German federation it is the participation of the states (Länder) in the legislative process, rather than the delegation of powers within the executive power, that determines the degree of decentralization.

In Germany, a special brand of cooperative federalism has developed since the foundation of the German national state in 1871. Decentralization does have a very specific connotation in the context of federalism and health care in Germany. With regard to the establishment of a rather generous welfare state in general and the development of health care financing and delivery in particular, the central government and the states have come to terms at the expense of a third party (Manow, 2004). This means that health care is financed predominantly by contributions borne by employers and employees – not by state or national taxes. Moreover, responsibility and authority in the domain of health

¹ For a theoretical and empirical distinction between these two types of federations, see Requejo (2010). Empirically, plurinational federations are characterized by a "distinct party system from that of its state-level counterpart within which at least one secessionist party is present" (Requejo, 2010, p. 277).