

The constructive impacts German's Health Insurance System on Its Domestic Sporting Goods Industry

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A comprehensive social welfare and health insurance system is regarded as the best protection for all people in the country to live and work happily. In order to maintain the social stability and improve people's living quality, many European and American developed countries already established the long-term national healthcare and insurance systems. Because the population from the baby boom generation are getting old. Now all kinds of environment pollutions caused by modernization and industrialization, the chronicle diseases are getting into more severe. Therefore, this phenomenon has brought much pressure on a nation's financial and healthcare insurance system. Many healthcare and insurance systems are in dilemma because the nation's income cannot make the ends meet. How to make the healthcare insurance system work well, or how to effectively enhance medical resources is an urgent issue which many countries have to tackle.

Among the social-welfare countries, Germany is the earliest to implement its social and healthcare insurance system. Through time's passing, the healthcare and insurance system has gone through many reforms. Particularly after 1990s, Germany already entered into an aging society. German's aging population is ranked as the 3rd highest in the world, next to Italy and Greece (Blessting-Kapelke, Jasper, Miehlung, & Pfeifer, 2007). In the recent years, the global economy has been very unstable. Under the situations that the European countries are facing the prevailing economic crisis, Germany is able to well keep its medical and healthcare insurance system and still maintain a stable economic growth. All these must attribute to its reforms through several times.

According to Federal Statistical Office of Germany, it points out that among all medical expenditures, more than 30% medical expenses is spent on chronicle non-communicable diseases which result from insufficient sports for a long time, such as obesity, diabetes, muscle-and-skeleton degradation as well as cardiovascular problems, etc. (Blessting-Kapelke et al., 2007). The above-mentioned expenditure is the largest part among all medical expenditures.



More importantly, workers' health condition imposes direct impacts on a nation's economic development. The German Association of Occupational and Environmental Medicine, based on the statistics, states that noise, accidents, work pressure, inaccurate physical postures and so on, especially long-sitting work can easily create neck, shoulders as well as spine problems. These pains or health problems are the major reasons of German's decreasing productivity. The Federal Institute for Occupational Safety and Health (BAuA) also reports relevant statistics that the domestic employees with physical pains, work pressure or emotion problems have resulted in lower productivity. Yearly, Germany losses one million Euros (Gesundheit, 2010). No doubt, the German government has to pay more attention and take action to tackle this issue.

Therefore, the German government has adopted two proposals. The first is to reform the healthcare and medical insurance system, that is, the previous passive treatment concept shall be replaced with the disease-prevention mechanism. In other words, the former healthcare insurance system is passive. Only when people get sick, they can receive insurance payment for proper medical cares and treatment. This reformed medical and healthcare insurance system emphasizes two points: one is the health caring actions before diseases happen; another, diseases-prevention measures. The reformed policy emphasizes that prevention is above treatment. The good news is that Sports for Health is covered by the insurance system. Secondly, the German government now adjusts the corporate tax system; that is, corporates can be exempt from tax if they can prove that they encourage their employees to do sports to enhance health conditions. As a result,

many German corporates are happy in supporting these policies. As proved, these are successful strategies. The German new healthcare insurance system works out very well. Accordingly, German workers are healthier and their productivity is also increasing. Consequently, more Germans do sports and the rising sporting population are stimulating the further development of German's sporting goods industry.

Sports for Health is Covered by the Reformed Medical and Healthcare Insurance System

Now people are more consciousness to improve their health conditions. German's Health Insurance Law, amended in 2004, aimed at enlarging the insurance scope and hopefully, this can stimulate the insured people who can improve their health conditions and take actions to prevent from diseases. Under the law, the health insurance companies have to provide 300 Euros to each insured person who takes part in verified sports categories, health programs as well as regular health checks. Due to the changes of the insurance system, the insured people get the momentum to do sports, particularly for officer workers who get salary monthly or for the middle-aged people who care more about their health.

In addition, once the insured people getting sick or suffering from degrading physical conditions join the fitness clubs introduced by doctors or take part in the professional rehabilitation sports programs, most of their expenses are covered by insurance

companies. So they only need to pay a little. As a result, these policies have help the insured people to prevent from chronicle diseases. And logically, the related medical care and expenditures are also decreased. Once the insured people take part in the verified regular sports, they can not only improve health and physical conditions but also have broader social connections; therefore, they can strengthen both mental and emotional stability. The chances to run into accidents will go down as well.

“Sport is Medicine” implements what sports and medicine academicians have been promoting. Now Germany have pushed through the reformed Health Insurance Laws and reached evident effects. So the EU National Sports Committees in 2008 reached a resolution, mentioning that “Sports” shall be taken into account of national healthcare insurance system. Meanwhile, it also points out that sports is the most effective, economic medical cares among all health cares. As highly recommended, an active health promotion strategy shall be put into in the EU-members’ national insurance systems. Meanwhile, health insurance companies have the rights and duties to control the quality of the paid sports programs (Gesundheit“, 2008). Though the EU brought up this sports-for-health promotion proposal, the EU members can make necessary adjustments according to variable national economic conditions.

The Adjustment of Tax System Can Stimulate that Corporates Encourage Labours to Do Sports for Better Health Conditions

The health condition of workers is the cornerstone of all companies. The productivity of all companies is also the base stone of a nation’s competitiveness. With this recognition, the German government take the direct way to amend the Tax Law. In 2008, the German government gives the tax-free initiative to its domestic corporate owners. As long as they spend money to improve working environment for better health or to setup a health programs, a corporate owner can get 500 Euros tax free from one employee. Thus, if one company with 20 employees take the above-mentioned actions to improve its employees’ health, they are entitled to exempt from 10,000-Euros corporate tax. As to the scope of the health-enhancement expenditure for employees, it is regulated in the national health insurance, such as professional fitness programs, nutrition educational programs, pressure-releasing and relaxing lessons as well as smoke-quitting or alcohol-quitting lessons. Besides, the range of healthcare insurance covers various working conditions. For long-sitting cashier or for long-standing officers in the service industry, if one company owner purchases relevant fitness facilities and equipment to improve its employees’ health, the expenses are also counted in the rage of tax free (Schönborn, 2009). After implimenting this policy, a great number of companies and employees are very happy to support



and take part in different health-enhancing programs. In 2008, there were 530,000 employees getting a healthier working environment or taking part in the sports programs. As well-known, this reform has not only improved the health condition of employees but also lift their belonging sense. Consequently, the overall productivity also increased to a great extent.

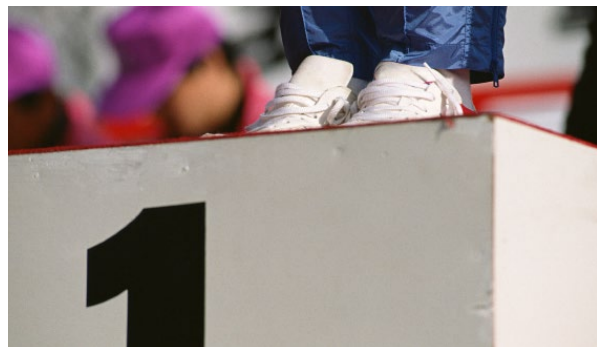
Create Ripple Effects for the Sporting Goods Industry

After carrying out the health-enhancing and sports strategy, the German government not only reduces medical expenditures but also increases nationwide productivity. And this reform also creates positive and constructive impacts on the domestic sporting goods industry. Owing to the yearly increasing sports population, German's sports and leisure industry is booming. The consumption on sporting goods is also much higher than before. With further development, there are more researches on sports equipment and

the industry has also created multiple economic values.

1. Increasing fitness clubs and leisure industry

The sports population in Germany is about 25 million. Due to the changed coverage of the healthcare insurance system plus the rising consciousness for health, the sports population has grown at an astonishing speed over the recent years. The growth rate every year is 1% at least. Apparently more people like to do sports, particularly the middle-aged people who are older than 50 years old. They have become the major consumers in the sporting goods market (Winkler-Helmdach, 2009). The sports and leisure industry mainly provides the health-oriented activities, for examples, physical training courses, cardio muscular training activities, yoga courses, Qigong and Taichi courses, and so on. At present, the German Olympic Sports Confederation reports that there are more than 91,000 fitness clubs across Germany, excluding





medical institutes and private sports institutes. And as predicted, the number of fitness organizations will continue to grow (Breuer, 2013). More importantly, because of the increasing number of fitness clubs, more job opportunities are created for professional fitness trainers.

2. Enlarging the sports equipment market

Germany is the second largest sports equipment market in the European Continent. In 2008, its market size was about 3 billion Euros. From 2004 onwards, the yearly growth rate was around 0.8%. Because Germany has strong sports teams of soccer, volleyball, and handball, the consumption on team sports equipment is the largest category. It's about 26% of the German sports equipment market. The second largest value of sports category is outdoor leisure sports equipment; it's about 23%, particularly hiking equipment as well as canoe and other water-related leisure sports equipment. What's most worth

noting is that physical training equipment market has shown considerable growths over the past few years. Especially, the females and the middle-aged people older than 50 years old are the major groups of the said consumption (Survey, 2009); apparel, sports shoes, bicycles, and leisure equipment are their favourite products. Moreover, it also shows that females and the middle-aged consumer groups have much higher demands on medical and sports training equipment such as joint protection equipment, hot and cold pads, massaging equipment, heartbeat recorder, body mass measure device and simple supporting equipment and other related products.

Because the German government implement sports-initiative policy, many corporates chose to setup a fitness room or sports classroom at their office buildings. Not only do employees have more chances to interact with each other, but also the employees save time to commute from the office to the fitness centre. Accordingly, in the space-limited office rooms, there are increasing demands of refined and multifunctional sports equipment.

3. Importance of Sport Equipment R&D

Germany is the 4th largest sports equipment manufacturing country, right next to England. Viewing the rising domestic demands of sports equipment and the enlarging international markets, many sports equipment companies have put more investment into the sports research and design. In 2007, the German sporting goods industrial value has reached 13% (Survey, 2009).

Currently, the German industrial technology has achieved remarkable progress. Now they turn their attention on materials' R&D, technology innovation as well as product safety and practicality. Specially, innovative designs would have a promising future. With this development trend, more middle-and-medium companies are established to increase for higher added values. As predicted, the sporting goods market will keep on enlarging in Germany.

The German government has reformed and implemented the new healthcare insurance policy and corporate tax amendment over these years and we can see that "Sports for Health Concepts" are finely carried out. These changes have successfully reduced medical insurance expenditures, increased sports population, and also enhanced corporates' productivity and as well as enlarged sports market. Within a few years, this active healthcare mechanism brings in such constructive impacts and higher market values that the EU Sports and Health Team cannot help show attention to German's strategy. Within the EU, a similar proposal is also brought up and hopefully similar ideas of sports and healthcare as well as disease prevent concept could be infused into the EU members' national medical insurance systems. Thus, nowadays the EU is promoting the concept, Sports for Health; as predicted, the European sporting goods industry and health care market is promising in the near future.

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