



Bundesversicherungsamt



Brief Report



BUNDESVERSICHERUNGSAMT

Structure and Tasks

THE POSITION OF THE *BUNDESVERSICHERUNGSAMT* UNDER THE LAWS REGULATING GOVERNMENT ORGANISATIONS

The *Bundesversicherungsamt* (BVA) is an independent federal agency, established by an act of parliament in 1956, working within the area of responsibility covered by the *Bundesministerium für Arbeit und Soziales* (Federal Ministry of Labour and Social Affairs). It works together with the latter ministry as a supervisory authority for statutory pension and accident insurance. Similarly, it works together with the *Bundesministerium für Gesundheit* (Federal Ministry of Health) on matters concerning statutory health insurance and statutory nursing care insurance.

It follows **general ministerial guidelines** in the context of its supervisory activities but is not required to follow specific orders issued in individual cases.

President: Maximilian Gaßner
Vice-President: Sylvia Bohlen-Schöning

The *Bundesversicherungsamt* currently has 590 employees in nine directorates and fifty sections.

The *Bundesversicherungsamt* has its head office at Friedrich-Ebert-Allee 38, 53113 Bonn.

TASKS OF THE *BUNDESVERSICHERUNGSAMT*

I. Supervision of federally regulated social security insurance providers and other institutions

As soon as the area of responsibility of a social security insurance provider extends across more than three states in Germany the institution in question becomes part of the federal administration system and is referred to as a federally regulated social security insurance institution. As of 1 May 2010 there were 116 federally regulated social security

insurance institutions providing statutory health, pension, and accident insurance. They include *Deutsche Rentenversicherung Bund* (German Pension Insurance Federation), *Deutsche Rentenversicherung Knappschaft-Bahn-See* (German Pension Insurance Institution for Miners, Railway and Maritime Workers), all statutory health insurance providers, all statutory nursing care insurance providers created by the health insurance providers, all industrial/commercial and two agricultural *Berufsgenossenschaften* (employer liability insurance associations), as well as the following accident insurance providers: *Unfallkasse des Bundes* (Federal Accident Insurance Fund), *Unfallkasse Post und Telekom* (Post and Telecom Accident Insurance Fund), and *Eisenbahn-Unfallkasse* (Railway Accident Insurance Fund). [See appendix.] By law all of these organizations are under the oversight of the *Bundesversicherungsamt*. More than half of the persons insured under the statutory social security insurance system are covered by insurance providers supervised by the *Bundesversicherungsamt*.

The remaining social security insurance providers are under the supervision of the governments of the states in which their registered offices are located.

The *Deutsche Rentenversicherung Bund* (German Pension Insurance Federation) is also under the supervisory authority of the *Bundesversicherungsamt* to the extent that it performs tasks of fundamental importance over a wide range of areas for the overall pension insurance system in accordance with Section 138 (1) sentence 3 Nos. 2 to 4, 6 to 14, and 16 of the Social Code (VI) (*Sechstes Buch Sozialgesetzbuch, SGB*) and this in combination with the possibility it has of making binding decisions for all pension insurance funds and providers.

The *Bundesversicherungsamt* has supervisory authority over the *Zusatzversorgungskasse für Arbeitnehmer in der Land- und Forstwirtschaft* (Supplementary Retirement Fund for Agriculture and Forestry Workers), the *Seemannskasse* (Seafarers' Retirement Fund), the *Künstlersozialkasse* (Artists' Social Security Fund), the *Versorgungsanstalt der deutschen Bezirksschornsteinmeister* (German District Chimney Sweep Master Craftsmen's Pension Fund), and the *Ernst-Abbe-Stiftung* (Ernst Abbe Foundation) in that these are health and pension insurance providers under the Supplementary Care System Equal Treatment Act, as well as over numerous working groups of social security insurance providers. The *Bundesministerium für Arbeit und Soziales* (Federal Ministry of Labour and Social Affairs) made use of the option available to it under Section 87 paragraph 3 sentence 2 of the Social Code (IV) (*SGB IV*), and, effective as of 1 November 2009, transferred statutory authority to the

Bundesversicherungsamt to supervise the *Spitzenverband Deutsche Gesetzliche Unfallversicherung e.V. (DGUV)* (National Association of Statutory Accident Insurance Providers), to the extent that the latter exercises its right to make certain decisions of a general nature as well as to conclude agreements on the provision of medical treatment and the remuneration of physicians. The *Bundesversicherungsamt* also supervises the newly established *Spitzenverband der landwirtschaftlichen Sozialversicherung* (Central Agricultural Social Security Insurance Fund) which, in addition to its organisational and administrative duties, is responsible for carrying out fundamental and cross-sectoral tasks, in the course of which binding decisions have to be taken for all agricultural social security insurance providers.

1. Advice and sanctions

All supervisory activities take place in the framework of a dialogue. The success of the supervisory function is not apparent from the number of sanctions imposed. It makes itself felt for the most part through the effectiveness of advisory consultations.

If an insurance provider fails to correct a **violation of law**, despite having been advised to do so, the *Bundesversicherungsamt* can issue a **notice of obligation** (which may be coupled with an immediate execution order, if necessary).

Social security insurance providers are obliged by law to use their funds cost-effectively. On this basis, the *Bundesversicherungsamt* has authority to audit the economic performance of social security insurance providers.

Social security insurance providers can appeal enforcement measures taken by the *Bundesversicherungsamt* by submitting their objections to the courts responsible for social security matters.

2. Petitions and grievances

A significant part of the *Bundesversicherungsamt's* oversight activities involves dealing with **petitions** and **complaints** regarding every type of social security insurance. It dealt with 4,582 cases of this kind in 2009, the majority of them in reference to health insurance.

Petitions and complaints highlight the legal and practical problems encountered in the implementation of laws. In many cases they draw attention to mistakes made by the social security insurance institutions and thus provide valuable tips for supervisory audits.

3. Supervisory audits

Supervisory audits of insurance providers are an important source of information for the *Bundesversicherungsamt*. Audits are carried out on an ongoing basis in accordance with an audit schedule established at the beginning of each year. The *Bundesversicherungsamt* conducts around 180 audits a year. Parallel to this, health insurance providers are audited by a health insurance audit service (see Section III.).

4. Contract award auditing agency / review agency

As part of its supervisory duties the *Bundesversicherungsamt* is responsible for the auditing of contract awarding procedures with a view to ensuring compliance with the provisions of VOL/A (Standard Conditions of Contract for Works and Services – Part A), VOB/A (Standard Conditions of Contract for Construction – Part A), and VOF (Standard Conditions of Contract for Freelance Services) under the Act Against Restraints of Competition (GWB) as well as the Regulation on the Awarding of Public Contracts (VgV).

Apart from this, the *Bundesversicherungsamt* has the function of a review agency for construction contracts awarded by federally regulated social security insurance institutions.

II. Co-determination rights

Numerous instances of autonomous legislation enacted by social security insurance providers in the framework of self-government require the approval of the *Bundesversicherungsamt*. The following examples are of particular importance: **approval of insurance provider regulations** (for instance concerning the introduction of premium increases or the disbursement of premiums by health insurance providers, mergers of *Berufsgenossenschaften* [employer liability insurance associations] and

health/nursing care insurance providers), approval or criticism of **budget plans, staff regulations (including staffing schedules), increased risk rates** for accident insurance, **reserve fund decisions, as well as the reporting and approval of financial transactions and acquisition of assets** (purchase of land, loans, shareholdings, construction projects including related leasing transactions). This preventive supervision is very effective. Monitoring by the *Bundesversicherungsamt* results in average savings of five percent of the financial volume of planned construction by social security insurance providers.

III. **Audit of legality and economic efficiency of health / nursing care insurance providers**

In accordance with Section 274 (1) SGB V, every five years at the very least, the *Bundesversicherungsamt* must audit the business, accounting, and operational management of federally regulated health insurance providers, including their nursing care insurance providers. These audits are carried out by the field offices of the *Bundesversicherungsamt* in Berlin, Cloppenburg, Duisburg, Fulda, and Ingolstadt. Approximately 90 auditors, divided up into individual auditing groups, are currently assigned to this task. An auditing team working under the designation PDL carries out advisory audits of agricultural social security insurance providers. Apart from serving as a means of checking to make sure that the law is applied correctly, these audits are intended to inform the responsible parties, to encourage the development of new ideas, as well as to provide orientation and support in decision-making. They are advisory in character and do not focus on finding individual mistakes. They are primarily intended to help discover weaknesses and to have a preventive effect.

In response to the structural changes that have taken place in the world of health insurance providers and the growing importance of information technology the audit service has adapted its auditing procedures by deploying specialized audit groups and using electronic auditing tools.

Audits are also conducted by the *GKV-Spitzenverband* (National Association of Statutory health insurance providers) and the national associations of statutory health insurance physicians in accordance with Section 274 of the Social Code (V) (*Sechstes Buch Sozialgesetzbuch, SBB*).

IV. **Special administrative tasks of the *Bundesversicherungsamt***

Alongside its duties as a supervisory authority the *Bundesversicherungsamt* is responsible for a range of administrative tasks. The following are significant examples:

1. Government contributions to the statutory pension insurance system

The federal government makes a significant contribution to the financing of the social security system, in particular to that of the statutory pension insurance system. The *Bundesversicherungsamt* is responsible for the management of **subsidies** and other **allocations** made to the **social security** system by the federal government.

In fiscal year 2010 the volume of federal funds earmarked to be allocated to the statutory pension insurance system by the *Bundesversicherungsamt* was more than 80 billion euros.

The *Bundesversicherungsamt* is involved in the process of ensuring the financial security of the German statutory pension insurance system (government guarantee) through the federal subsidies it funnels into system.

2. Financial equalization in the statutory health insurance system

The *Bundesversicherungsamt* is responsible for implementing a **risk structure equalization** scheme (RSA) introduced in 1994. RSA is the most comprehensive financial equalization mechanism ever created for Germany's social security insurance providers. All the statutory health insurance providers are included in the RSA system except for those that cover persons employed in agriculture.

RSA equalizes the following structural differences between health insurance providers:

- **Revenue differences** due to varying levels of contributions paid by the members of statutory health insurance providers (basic wage totals).
- **Expenditure differences** due to a varying distribution of morbidity risks among persons insured by statutory health insurance providers as well as to varying numbers of non-contributing co-insured family members.

Since 1994 morbidity risk has been based on **age, gender**, and whether or not the person in question is currently receiving a **disability benefit** to compensate for reduced earning capacity. A benefit-related distinction is made on the basis of **eligibility for sickness benefit**. Between 2003 and 2008 the determination of morbidity risk took into account whether or not the person in question was registered in a **structured programme of treatment for the chronically ill (DMP)**. It was not until 2008 that differences in benefits not based on these risk factors were taken into account in the equalization procedure.

In 2009 an additional factor was added to the RSA formula, a morbidity group classification model introduced by the *Bundesversicherungsamt* in 2008 and still being verified. On the basis of the diagnoses and prescriptions in question the classification model allocates insured persons to morbidity groups for which similar medical expenses can be expected in the subsequent year.

The *Bundesversicherungsamt* is supported by a scientific advisory committee as it works to fine-tune the risk structure equalization process.

The health fund (see item 3) was created at the same time the morbidity-based risk structure equalization mechanism was introduced. Since 1 January 2009 the health fund has provided the *Krankenkassen* (statutory health insurance providers) with

- contributions to cover their mandatory services
- contributions for statutory and discretionary services
- contributions for expenditure relating to the development and implementation of structured treatment programmes, and
- contributions to cover their administrative expenses.

The amount of these contributions is calculated by the *Bundesversicherungsamt* with an updated version of the morbidity-based risk structure equalization mechanism. This information is sent on to statutory health insurance providers in the form of monthly notifications.

The *Bundesversicherungsamt* controls the monthly contribution calculation procedure by determining surcharge levels and specific factors for each provider. Changes in the risk structures of statutory health insurance providers are taken into account in three structural adjustments carried out in the course of each equalization year. The BVA

carries out the final adjustment of the year after the statutory health insurance providers turn in their annual accounts and business results.

3. Administration of the health fund

Beginning on 1 January 2009 the *Bundesversicherungsamt* has managed the money it receives in a special fund (health fund) in accordance with Section 271 (1) SGB V. This fund is made up of contributions earmarked for statutory health insurance use, received from collection offices at a uniform national contribution rate in force since 1 January 2009 (including contributions from minijobs). The fund is also fed by contributions from pension payments, the Artists' Social Security Fund, contributions from federal offices responsible for persons doing military service and alternative community service, contributions from the *Bundesagentur für Arbeit* (Federal Employment Agency) and approved local government institutions for persons in receipt of unemployment benefit for which statutory health insurance contributions are payable under SGB II, contributions from the Federal Employment Agency for persons in receipt of unemployment benefit for which statutory health insurance contributions are payable under SGB III, and federal funds. A further source of income for the fund is capital revenues earned over the course of each year.

Money is paid into the fund on precise dates, in accordance with an established schedule. The statutory health insurance providers receive a monthly notification informing them of the amount of the monthly contributions (Section 39 (2) 2 RSAV). The notification explains the basis for the part of the contributions to be paid by the health fund within the given month, the disbursement of which is based on incoming contributions. If the amounts received during a disbursement period are insufficient and the contributions cannot be made, the deficit is temporarily made up for with money from the federal budget, in accordance with Section 271 (2) and (3) SGB V.

In this context the *Bundesversicherungsamt* is responsible for effecting the required payments (Section 39 RSAV), for the bookkeeping and accounting work associated with the payments (Section 220 (3) SGB V), as well as for coordination and design of future administrative procedures for health fund auditing (Section 251 (5) 2 SGB V, Section 271a SGB V).

4. Approval of structured treatment programmes for the chronically ill

The *Bundesversicherungsamt* has core responsibility for the approval of structured treatment programmes, the so-called *disease management programmes* (DMPs), covering diabetes mellitus types 1 and 2, breast cancer, coronary heart disease (CHD) including the Chronic Cardiac Insufficiency Module, as well as asthma and chronic obstructive pulmonary disease (COPD). The primary objective of these DMPs is to improve the care provided for chronically ill insured persons. The aim is to avoid the occurrence of permanent damage to and/or complications in the persons in question as a result of chronic illness. DMPs are intended to help ensure that care is provided in a cost-effective manner, in accordance with needs, with a view to remedying existing deficiencies such as overprovision, underprovision, and incorrect provision in the health care system. These programmes are also aimed at reducing overall treatment costs by avoiding complications, hospitalisation, and permanent damage to the patients in question.

The *Bundesversicherungsamt* (BVA) checks to see whether the programme in question meets the statutory requirements and whether the contracts concluded with service providers will ensure proper implementation. If all the prerequisites are fulfilled the BVA will approve the programme for a maximum period of five years. The *Bundesversicherungsamt* will subsequently decide, on the basis of an evaluation of an external assessment, whether the programme can be extended or re-approved.

Since 1 January 2009, as a source of funding for DMPs, health insurance providers have been provided subsidies out of the health fund for each registered insured person to cover expenses such as those incurred in connection with documentation or coordination services (flat-rate payment for programme expenses). For 2010, the flat-rate payment for programme expenses is once again 180 euros per registered insured person.

As of the end of December 2009 the *Bundesversicherungsamt* had approved more than 23,800 DMPs. Nearly 5,700 were re-approvals. In December 2009 more than 5.5 million insured persons were registered in at least one DMP.

5. Financial equalization for statutory nursing care insurance

The *Bundesversicherungsamt* carries out monthly financial equalization adjustments in the statutory nursing care insurance system. This equalization mechanism makes it possible to have a uniform nationwide contribution rate for statutory nursing care insurance of 1.95 percent of income subject to deduction of social security contributions, plus a supplement of 0.25 percent for persons without children. For statutory nursing care insurance providers whose monthly expenditure for benefits exceeds their income the financial equalization mechanism fills their accounts up to the amount required by law to satisfy operational and reserve requirements. Up to 0.8 billion euros has to be paid out each month to guarantee the liquidity of the relevant nursing care providers. In order to be able to finance this, those statutory nursing care insurance providers whose monthly income exceeds their expenditure transfer the amounts which are in excess of their operational and reserve requirements to the health fund.

Statutory nursing care insurance providers do not have their own administrative staff. The workload in question is handled by employees of the respective statutory health care insurance providers. The latter's expenses are reimbursed by the statutory nursing care insurance provider in a lump-sum payment. The *Bundesversicherungsamt* carries out this reimbursement procedure and does detailed calculations.

6. Equalization fund for statutory nursing care insurance

The *Bundesversicherungsamt* manages the fund required for ensuring the financial equalization of statutory nursing care insurance providers. The equalization fund functions as a fluctuating reserve for all statutory insurance providers and makes the relevant financial equalization payments. Alongside the transfer of excess amounts by the statutory nursing care insurance providers, the equalization fund receives nursing care insurance contributions for pensioners directly from pension insurance providers, as well as contributions payable by state, district, and local governments in their capacity as social services providers. In addition, the equalization fund receives contributions forwarded by the health fund (nursing care insurance contributions for recipients of ALG (unemployment benefit) I and II, flat-rate contributions for those doing military service and alternative community service, as well as nursing care insurance contributions from the Artists' Social Security Fund).

As the administrator of this money the *Bundesversicherungsamt* is under obligation to invest it securely and profitably in liquid assets.

The equalization fund also functions as a payment office for the disbursement of funding of up to 25 million euros, granted by the *GKV-Spitzenverband* (National Association of Statutory Health Insurance Providers) for the further development of care-giving structures in accordance with Section 45c and d SGB XI. This funding is co-financed by state governments, who provide matching funds. The private compulsory nursing care insurance sector contributes ten percent of the funding provided by the statutory nursing care insurance system. In addition there is an annual budget of five million euros for model projects implemented by the *GKV-Spitzenverband* for the further development of nursing care insurance in accordance with Section 8 (3) SGB XI. An additional budget of 60 million euros has been made available for the financing of care support centres in accordance with Section 92c SGB XI for the period from 1 July 2008 to 30 June 2011.

7. Burden-sharing in the industrial and commercial accident insurance sector

The *Bundesversicherungsamt* carries out an annual redistribution of burdens among industrial and commercial *Berufsgenossenschaften* (employer liability insurance associations). A new burden-sharing mechanism is being introduced step-by-step over a transitional period that began in 2008 and will continue until 2014. It is replacing the previous system of burden-sharing in the industrial and commercial accident insurance sector.

Under the new system, each *Berufsgenossenschaft* bears its own pension burdens in accordance with its current economic structure, retaining the "sectoral principle" and attributing primary responsibility to each individual industry sector for the industrial accidents and occupational diseases suffered within it. Old burdens (the difference between the total actual pension burden of all *Berufsgenossenschaften* and the total structural burdens calculated using actuarial methods) are shared jointly by all of the *Berufsgenossenschaften*.

8. Überleitungsanstalt Sozialversicherung (ÜLA – Transitional Social Security Body)

As of 1 January 1992 the powers and outstanding tasks of ÜLA were transferred to the President of the *Bundesversicherungsamt*. This entailed, in particular, managing the assets of the social security system of the GDR.

The same applied with regard to land which the social security system was entitled to as administrative assets and in the reunification treaty were referred to as assets of the social security system in the acceding territory.

9. Tasks under Compensation Pension Act / commission office

Under the Compensation Pension Act the *Bundesversicherungsamt* has responsibility for decisions regarding the awarding of compensation pensions to victims of National Socialism within the acceding territory. The *Bundesversicherungsamt* also has responsibility for decisions as to whether existing claims are to be disallowed or reduced if a person claiming a pension is guilty of having violated rule-of-law or humanitarian principles in the former GDR.

A commission set up by the federal government is responsible for submitting proposals in matters of this kind. The commission's offices are in the *Bundesversicherungsamt*.

10. Training for social security insurance provider employees

The *Bundesversicherungsamt* is involved in the training of qualified staff for federally regulated social security insurance providers:

- Named in the Vocational Training Act as the responsible agency, the *Bundesversicherungsamt* is responsible for monitoring the training of qualified social security insurance clerks, administrative clerks, office communications clerks, as well as media and information services clerks for employment in the statutory social security institutions under its supervision. It is also responsible for lending support to the trainees by providing advice to them as well as for holding interim and final examinations.

In addition, the *Bundesversicherungsamt* is responsible for supplementary training examinations under Section 54 of the Vocational Training Act (BBiG) leading to government-recognized qualifications as social security system clerks specialized in statutory pension insurance and social security insurance for miners, social security system clerks specialized in statutory health insurance, and social security system clerks specialized in administration.

- As the examination office for civil service examinations for candidates in middle-echelon civil service careers in non-technical areas of social security insurance, the *Bundesversicherungsanstalt* examines candidates from the *Deutsche Rentenversicherung Bund* (German Pension Insurance Federation), the *Deutsche Rentenversicherung Knappschaft-Bahn-See* (German Pension Insurance Institute for Miners, Railway, and Maritime Workers) studying in the

Department of Social Security Administration at the Federal Institute for Public Administration, as well as its own candidates.

11. Maternity benefit agency

The *Bundesversicherungsamt* is responsible for the payment of maternity benefit to **female employees** who are not members of a statutory health insurance scheme. Approximately 22,000 applications for maternity benefit are processed each year.

12. Advising the government

Advising the government is not among the tasks originally defined for the *Bundesversicherungsamt*. However, the agency is increasingly being called upon to assist with its expertise in connection with parliamentary consultations on pending legislation.

Statutory Social Security Insurance Providers Under the Supervisory Authority of the Bundesversicherungsamt

Statutory Health Insurance (including Statutory Nursing Care Insurance)

Company Health Insurance Providers:	81
Guild Health Insurance Providers:	4
Substitute Health Insurance Providers:	6
Agricultural Health Insurance Providers:	2
Miners Health Insurance Providers:	1

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Pension Insurance

Deutsche Rentenversicherung Bund (German Pension Insurance Federation):	1
Deutsche Rentenversicherung Knappschaft-Bahn-See: (German Pension Insurance Provider for Miners, Railway and Maritime Workers)	1
Landwirtschaftliche Alterskassen: (Agricultural Pension Insurance Providers)	2

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Accident Insurance

Industrial and Commercial <i>Berufsgenossenschaften</i> :	13
Agricultural <i>Berufsgenossenschaften</i> :	2
<i>Unfallkassen</i> (Accident Insurance Providers):	3

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Other:

Spitzenverband der landwirtschaftlichen Sozialversicherung
(Central Agricultural Social Security Insurance Fund)
Spitzenverband Deutsche Gesetzliche Unfallversicherung
(National Association of Statutory Accident Insurance Providers)
Zusatzversorgungskasse für Arbeitnehmer in der Land- und Forstwirtschaft (ZLA)
(Supplementary Retirement Fund for Agriculture and Forestry Workers)
Seemannskasse (Seafarers Retirement Fund)
Künstlersozialkasse (Artists' Social Security Fund)
Ernst-Abbe-Stiftung (Ernst Abbe Foundation)
Versorgungsanstalt der deutschen Bezirksschornsteinfegermeister
(German District Chimney Sweep Master Craftsmen's Pension Fund)
Arbeitsgemeinschaften der Sozialversicherungsträger
(Working Groups of Social Security Insurance Providers)

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