



This project is co-funded by  
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# Quality of jobs and services in the Personal care and Household Services sector in Germany

December 2015

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## INTRODUCTORY NOTE

This report has been prepared, reviewed and finalised through the research of its authors, the contributions and suggestions of the project partners, the suggestions and remarks made by the participants-members of partners' organisations at the regional seminars (Rome / Brighton / Vienna 2015) and by the Advisory Board members (AGE Platform, Eurofound). The authors wish to thank warmly all these persons for their time and contribution. The report presents the personal care and household services sector in the country at stake and in the framework of the For quality! project objectives, following the methodological grid validated by the consortium, without being exhaustive. Authors have tried to incorporate corrections and comments that were reported to them during this process. However, the content does not necessarily reflect the vision of the project partners who are not responsible for the information contained in this report.

This publication is supported by the European Union's Programme for Employment and Social Solidarity - PROGRESS (2007- 2013). This programme is implemented by the European Commission. It was established to financially support the implementation of the objectives of the European Union in the employment and social affairs area, as set out in the Social Agenda, and thereby contribute to the achievement of the Europe 2020 Strategy goals in these fields.

The seven-year Programme targets all stakeholders who can help shape the development of appropriate and effective employment and social legislation and policies, across the EU-28, EFTA-EEA and EU candidate and pre-candidate countries. For more information see: <http://ec.europa.eu/progress>.

The information contained in this publication does not necessarily reflect the position or opinion of the European Commission.

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# 1. INTRODUCTION

Germany is characterised by a family model, somehow dominated by the idea of the ‘male breadwinner’. However, unlike in Southern European countries, Germany has a highly developed welfare state. The state has a constitutional obligation to provide social welfare (the Sozialstaat). The ‘private social welfare’, one of the pillars of social welfare in Germany, is based on the public-private cooperation and regulated in particular by the German Social Code.

Therefore, people in need of care in Germany can receive benefits in cash and have recourse to informal care givers in their home (solely), or benefits in kind to get professional home care services, or a combination of both<sup>1</sup>. As a matter of fact, two thirds of individuals prefer to be cared for at home<sup>2</sup>.

From a household services perspective, Germany has also introduced specific employment contracts that today dominate employment in domestic services: the so-called ‘Mini-Jobs’.

A significant part of personal and household services (PHS) are supplied by individuals, particularly undeclared workers. Various sources estimate that informal employment may reach 90-95% in Germany, a particularly high figure when compared to other European countries<sup>3</sup>.

The ‘For Quality’ project’s definition of Personal and Household Services (PHS) embeds both home services to people in need of care and to people that are not necessarily, and reads as follows: “*a broad range of activities that contribute to well-being at home of families and individuals: child care, long-term care for the elderly and for persons with disabilities, cleaning, remedial classes, home repairs, gardening, ICT support, etc*”<sup>4</sup>.” On this aspect, it has to be noted that a non-negligible part of the data encountered during the development of the present report deal with “home care”, which usually includes nursing activities.

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<sup>1</sup> Schulz, E., The Long Term care system in Germany, ENEPRI report n°78, June 2010.

<sup>2</sup> Berringer, C., Suhr, R., Peer Review on priorities in reform of care services : Recent developments regarding care services in Germany, Sweden, 2013

<sup>3</sup> Cools, F., Stokkink, D. (dir.), Maarten, G., Valsamis, D., « European evidence paper on the development of personal and household services and the sectors potential to increase employment in Europe », POUR LA SOLIDARITÉ, February 2013

<sup>4</sup> European Commission, Staff Working Document on exploiting the employment potential of the personal and household services, SWD (2012) 95 final

## 2. NATIONAL OR LOCAL REGULATION AND POLICIES

### 2.1. Policy and legal backgrounds

The Home and Institutional Care act (Pflege-Versicherungsgesetz), from 1994, stands as the starting point for the last major reform initiated by the German Federal government to enlarge and improve the national health and long-term care system<sup>5</sup>. Along with pensions, health, accident and unemployment, it introduced a fifth branch to the social insurance scheme - the main framework for social security in Germany – which covers **long-term care (LTC)**<sup>6</sup> needs, as they were previously leading to pressure on the costs of health insurance. This is why, the Social Long-term Insurance (Pflegeversicherung, which we will refer to as “LTCI”) was put in place in 1995<sup>7</sup>.

Law of Care Enhancement, from 2008, enlarges the range of services covered by the LTCI.

Through LTCI funds, the German legislation provides for various forms of LTC services such as **benefits** for care giving at home **in cash and in kind (for community care)**, in day or night care institutions as well as in nursing homes (see table 1 in Annex 1) according to the level of dependency of beneficiaries<sup>8</sup>. So far, the dominant type of benefit of the LTCI is the cash allowance. Besides, **counselling** is provided to persons in need for care as well as their relatives. The scheme also provides family care givers with **training courses**.

The Employee Sending Act, which has been effective since April 2009, sets minimum standards for the working conditions of employees providing services in Germany through companies set in one of the other EU countries.

The Law of Care Time, which passed in 2011, entitles employees to take up to 10 unpaid leave days to take care of their relatives in case of recurring illness.

The Law of Family Care Time passed in 2011 to encourage family members to provide LTC for their families. This law enables employees to reduce their working hours to care for their relatives for a maximum of 2 years. Half of the deducted hours are paid to the employee by their employer. The other half is at the expense of the employee themselves: when returning to their job, employees make up for the expense imputed to the employer by receiving a salary reduced for as much as it has costed them. The Federal Office of Family Affairs and Civil Society Foundation offers employers interest-free loans in order to finance this measure.

Law of Care Realignment, from 2012, ensures that financial aid is given by the federal government to

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<sup>5</sup> Eurofound, More and better jobs in Home-care work, 2013

<sup>6</sup> Long-term care corresponds to a diversity of personal and household services (PHS) for dependent persons.

<sup>7</sup> Cools, F., Stokkink, D. (dir.), Maarten, G., Valsamis, D., February 2013

<sup>8</sup> Schulz, E., 2010

help Germans invest voluntarily in their own private care insurance.

From a legal perspective, the need for LTC “*require a significant or major amount of help to carry out the daily and recurring activities of everyday life over a prolonged period of time, most likely for a minimum period of six months*” as a result of a physical, psychological or mental disease or handicap<sup>9</sup>.

However, no legal definition of personal and household services exist in Germany, although this term is applied in German finance law. Instructions from the ministry of finance<sup>10</sup> point to this lack of a legal definition and provide a description of what shall be treated as household related services: a job in the sector “household-related services” is a job, which has a strong relationship to the respective household. The activities include the preparation of meals, home cleaning, garden work, and care for elderly dependent persons, disabled people, or children. Remedial classes or recreational activities are not covered.

Besides, in view of improving the working conditions in the PHS sector, Germany was the 2<sup>nd</sup> EU member state - after Italy - to ratify the C189 ILO Domestic Workers Convention in 2011. It has now entered into force<sup>11</sup>.

This has been reinforced by the recent publication of a new standards procedure towards information, advice and placement of personal and household services, which are applicable to all suppliers: DIN SPEC 77003.

As for household services per se, it has to be noted that the rise in personal and household services in Germany was strengthened during the 1990's by the appearance of ‘mini-jobs’ and then by the Hartz IV reform (2003), which made ‘mini-jobs’ more flexible and created ‘midi-jobs’. Mini-jobs are those from which the monthly revenue does not exceed €450<sup>12</sup>; they provide employees the right to full exemption from social security contributions, whereas employers pay higher social security contributions (30% compared to around 19% for other forms of employment). Midi-jobs are those that provide a monthly salary of between €400 and €800; these provide workers the right to a sliding-scale reduction in social security contributions. In 2010, 230,000 people were working in mini-jobs providing domestic services in Germany (around 3% of the total number employed in mini-jobs). Only people directly employed by a private household can benefit from this system (organisations are excluded). These employment schemes were initially created to encourage wives to take up part-time work, while already covered by the health insurance of the spouses<sup>13</sup>. Nonetheless, many mini-jobbers do not choose to pay extra pension contributions, which results in greater precariousness on the long term.

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<sup>9</sup> Schulz, E., 2010

<sup>10</sup> Bundesministerium der Finanzen, “Anwendungsschreiben des BMF zu §35a EStG”: <http://www.paritaet-alsopfleg.de> : <http://bit.ly/1TTaCz9>. Last consultation 19/08/2015

<sup>11</sup> International Labour Organisation (ILO), Ratifications of C189, <http://www.ilo.org/>: <http://bit.ly/1Mm9kH2>. Last consultation 13/08/2015

<sup>12</sup> Conseil Central de l'Économie, Lettre mensuelle socio-économique, N°190, 30/04/2013, p.10

<sup>13</sup> European Commission, European Employment Policy Observatory, Personal and household services - Germany, June 2015

Furthermore, in 2009, the Family Benefits Act was adopted, which provided the possibility for households that use domestic services to benefit from a tax reduction of 20% of the costs of these services, up to a maximum of €4,000 (€20,000 in costs)<sup>1415</sup>.

In 2015, the First Act to Amend the Eleventh Book of the Social Code, i.e. the First Act to Strengthen Long-term Care, entered into force. While increasing the contributions to the long-term care insurance by 0.3 percent points and another 0.2 percent points, it aims providing greater support to families willing to provide care at home of their relatives (e.g. with more day-care and short-term care opportunities). Besides, it should make the access to work in long-term care facilities should be made easier. Thus, the number of additional caregivers should increase significantly. Finally, this legislation sets the ground for the setting up of a long-term care provident fund. A Second Act to Strengthen Long-term Care will also introduce a new definition of long-term care needs<sup>16</sup>.

## 2.2. Structural framework, funding and actors involved

The Social Long-term Care Insurance provides support for everyday activities (personal hygiene, eating, mobility, and housekeeping). **Cash benefits** are granted to dependent persons according to the individual care level of the user concerned<sup>17</sup>:

- Care level 0 (people with dementia): € 123;
- Care level I (need for care at least once a day): €244 per month complemented by € 72 for persons diagnosed with dementia 5;
- Care level II (need for care at least three times per day): €458 per month complemented by € 87 for persons diagnosed with dementia 5;
- Care level III (need for round-the-clock-everyday help): €728<sup>18</sup>.

The German population, far from exempt from the ageing phenomenon that is well-known in Europe, still highly depends on the involvement of family members to maintain people with disabilities in their homes as long as possible. The changing family structures have caused a higher recourse to community-based solutions for the care to disabled people – below the retirement age:

- Assisted living residences;
- Care cooperatives;

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<sup>14</sup> POUR LA SOLIDARITÉ, Personal Care Services in Europe: European approaches and perspectives on a challenge for the future, January 2012, pp. 24—25.

<sup>15</sup> Cools, F., Stokkink, D. (dir.), Maarten, G., Valsamis, D., February 2013

<sup>16</sup> Federal Ministry of Health, Long-term care, First Act to Strengthen Long-term Care, <http://www.bmg.bund.de/en/http://bit.ly/1GOVUmR>. Last consultation on 30/10/2015

<sup>17</sup> Beratung und Information rund um die Pflegeversicherung, Geldleistungen der Pflegeversicherung, <http://www.pflegestufe.info/http://bit.ly/1GOYPvQ>. Last consultation 30/10/2015.

<sup>18</sup> Figures 2015

- Nursing services and ambulatory medical services;
- Volunteering groups and non-profit self-support organisations<sup>19</sup>.

The German LTCI system includes benefits for home care – including from informal care giver – and institutional care:

- Benefits in-kind for community care;
- Benefits in cash for informal care;
- Combination of benefits in cash and in kind;
- Respite care at home during a vacation or illness of informal carers;
- Medical equipment and technical aides;
- Day care and night care;
- Short time institutional care;
- Full-time institutional care;
- Long-term care giving in institutions for the disabled;
- Benefits for social security of informal carers;
- Benefits for carers who take long-term care leave;
- Training courses for family carers and voluntary carers;
- Additional benefits for people whose competence in coping with everyday life is considerably impaired;
- Benefits for a personal budget<sup>20</sup>.

Since it is now linked to the well-spread social insurance, the LTCI covers almost the entire population in Germany (over 70 million people<sup>21</sup>). People who have subscribed a full-cover private health insurance must acquire a private equivalent, providing the same benefits as the universal public health insurance system<sup>22</sup>. The private insurance system covers another 8.5 million people<sup>23</sup>. The disabled can claim benefits from the LTCI funds on top of the benefits for disabled persons.

Funding of the LTCI is ensured by a system of salary deductions, the amount of which is calculated based on citizens' income.

In 2009, we count seven types of statutory health insurance funds, and therefore LTCI funds. They are legally mandated and under government supervision by law, but remain organisationally and financially independent: they are based on self-administration. They are organised under the Central Association of Health Insurance Funds (GKV-Spitzenverband), which also administers the tasks of the Federal

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<sup>19</sup> Eurofound, 2013

<sup>20</sup> Schulz, E., 2010

<sup>21</sup> Kümmerling, A., And who cares for the carer? Elderly Care Work in Germany, Walqing social partnership series 2011.16., September 2011

<sup>22</sup> Schulz, E., 2010

<sup>23</sup> Kümmerling, A., 2011



Association of Long-Term Care Insurance Funds (Spitzenverband Bund der Pflegekassen). Together with the following organisations – and with the participation of the Association of Private Insurance Funds - they manage the organisation of long-term care tasks, based on self-government:

- The Federal Working Group of Supraregional Social Welfare Agencies (Bundesarbeitsgemeinschaft der überörtlichen Träger der Sozialhilfe);
- The Confederation of Municipal Authorities' Associations (Bundesvereinigung der kommunalen Spitzenverbände) ;
- the Federal Association of Long-term Care Providers.

Altogether, LTCI funds are *“mainly responsible for capacity planning, monitoring the organisation of care provision and the assessment of long-term care, but also for quality control<sup>24</sup>.”*

The assessment of needs for PHS is carried out by one of the fifteen Medical Boards (from the Medical Advisory Service of the Statutory Health Insurance Funds), which will determine whether a citizen is entitled for benefits.

Together with the above-mentioned associations, the Medical Advisory Board of the Health Insurance funds set up guidelines for Quality control, be it in institutions or for home care services. Finally, the Medical Advisory Service is in charge of conducting quality audits.

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<sup>24</sup> Schulz, E., 2010

## 3. WORK AND EMPLOYMENT QUALITY

### 3.1. Career and employment security

As already stated, in Germany, informal care activities are often shared among some members of the beneficiaries' families. As a matter of fact, "*family members providing any kind of help or personal care*"<sup>25</sup> are estimated to amount to 5 to 7 million people, out of a total population of 82.2 million. On the other hand, according to the Federal Statistical Office of Germany on Long-term care statistics, and after calculation by DIW Berlin, only 236,162 persons were employees as staff in home care services in 2007<sup>26</sup>. Therefore, even taking only the lower estimation into account (i.e. 5 million informal carers), formal care givers would only represent 4.5% of all individuals providing long-term care services in 2007.

As a result, assessing the career and employment security perspectives of home carers in Germany is rather difficult, most of the persons undertaking these tasks not being in any contractual relationship for it. Worse still, they tend to be unemployed, reduce their working hours or leave their job to take care of their relatives: according to a survey from 2002, 50% to 60% of informal care givers aged between 15 and 64 years are not employed, and only 19% to 32% of them work full time<sup>27</sup>. A direct consequence is an indubitable lack of professional perspectives for women with a dependent relative: with sons providing help mostly with financial tasks, spouses, daughters and daughters in law are mostly responsible for personal care of their relatives: in this respect, the ENEPRI study<sup>28</sup> reports that "*28 % [of beneficiaries] receive help from their partner, 32 % from the daughter or daughter in law, and 10 % from their son (main care givers).*"

On the other hand, more conclusions may be drawn from the domestic services sector in this particular section. According to statistics from the public administration for mini jobs ("Minijobzentrale"), over 240,000 workers that are subject to social security contributions were employed by private households (i.e. domestic services) in June 2012. As of today, the formal provision of domestic services concerns 3.1 million households in Germany<sup>29</sup>. Although this measure has gone with significant impact on employment, in particular in the PHS sector, an increase in low pay and precarious forms of employment have been monitored, including the rise of "working-poor"<sup>30</sup>.

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<sup>25</sup> Schulz, 2010 (p.14)

<sup>26</sup> *Ibid.* (p.45)

<sup>27</sup> Schneekloth, U., Leven, I., *Hilfe- und Pflegebedürftige in Privathaushalten in Deutschland 2002* (People in need of care in private households in Germany in 2002), Infratest Sozialforschung, München, 2003

<sup>28</sup> Schulz, 2010 (p.14)

<sup>29</sup> Prognos, *Dynamisierung des Marktes haushaltsnaher Dienstleistungen*, 2012. Online: <http://bit.ly/1Q5bVbr>

<sup>30</sup> Farvaque, N., *Developing personal and household services in the EU - A focus on housework activities*, Report for the DG Employment, ORSEU, 2013

### 3.1.1. Employment status

#### **Contractual relation between employer and employee**

According to Prognos, 40% of households having recourse to PHS (care and non-care taken together) formally provided employed persons through the mini-job scheme (direct employment relationship), 32% contracted with self-employed persons (direct employment relationship) and 28% contacted other PHS providers (triangular employment relationship). Besides, as already stated, PHS are very often supplied by households members, or even by some volunteers, in the framework of religious institutions for instance<sup>31</sup>.

Concerning LTC, the private and associative sectors share the market for care service to dependent people with respectively nearly two thirds and 37%<sup>32</sup>. Thus, triangle labour relationships prevail for most of the formal LTC market in Germany.

In general terms, workers employed by PHS companies have a better situation than workers employed directly by private households in terms of stability, possibility of a long-term employment relationship, holidays and sickness allowances, training possibilities, regular interactions with colleagues and diversity of tasks. **Nature of employer**

In December 2013, 64% of the 12 700 outpatient care service companies were privately owned, 35% were owned by charitable organisations such as Diakonie and Caritas, and 1% were left to state-owned organisations.

Self-employed persons working full-time are underrepresented as they must pay full social security contributions and thus are cannot compete with the low hourly wage of persons employed under the mini-job scheme or illegal workers<sup>33</sup>.

It has to be noted that family (employed) carers often engage extra private-financed home carers. The latter were estimated to amount 100.000 persons in 2008<sup>34</sup>. Notably, persons aged over 80 with substantial impairments in activities of daily living and living alone engage additional home helpers.

#### **Regularisation of undeclared work**

The direct employment relationship model results in a large percentage of PHS supplied by individuals, including undeclared workers. However, their number can only be estimated: according to various sources, informal employment in private households may reach 90-95% in Germany, which is

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<sup>31</sup> European Commission, European Employment Policy Observatory, June 2015

<sup>32</sup> Kümmerling, A., 2011

<sup>33</sup> European Commission, European Employment Policy Observatory, June 2015

<sup>34</sup> Schulz, E., 2010

particularly high when compared to other European countries<sup>35</sup>. Workers employed illegally do not benefit from any welfare, statutory minimum wage, sickness or accident insurance, holiday, sick days, unemployment or pension allowance. Workers from abroad illegally employed in the PHS sector are estimated to be 100 000. Not being registered, they are not covered by any kind of social protection. They are often not qualified for the job and work more than usually allowed. This appears to be particularly true in the case of live-in arrangements.

Several instruments exist to support the creation of formal employment in the sector of domestic services and social care. The most important is the so-called ‘mini-job’<sup>36</sup>.

Yet, the fact that the home of beneficiaries/clients is protected by law prevents the competent authority (i.e. customs administration) to control if the minimum wage and working hours are applied by households/employers or if a legal contract applies. The Federal government has not considered any more measure to detect informal employment within households.

### **Migrant work**

As mentioned above, families do have recourse to additional informal helpers. This is particularly the case when beneficiaries need round-the-clock supervision but opt for an alternative to institutional care. Because of their lower wage, east-middle European carers are usually preferred<sup>37</sup>. The number of undeclared workers from Central and Eastern Europe are estimated at between 100,000 and 150,000<sup>38</sup>.

#### 3.1.2. Income and wages

As of January 2015, a cross-sectorial minimum wage of € 8.50 per hour came into force. Although the total number of mini-jobs fell by -3.6 % from December 2014 to March 2015, it seems to have affected minor employment in the commercial sector to a greater extent than that in private households,<sup>39</sup>.

However, as mentioned above, PHS being implemented inside the beneficiaries’ homes, it makes it difficult for customs administration (responsible for the monitoring of the compliance with the minimum wage) to ensure that working hours of directly employed workers comply with their actual wage.

In the care sector, a sectoral minimum wage applies. It is valid for outpatient nursing service companies and excludes activities of the non-care sector such as cooking, house cleaning, domestic economy or gardening. This is why, in 2015, the minimum wage in the care sector exceeds the general minimum

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<sup>35</sup> POUR LA SOLIDARITÉ, 2012, pp. 21—25.

<sup>36</sup> Cools, F., Stokkink, D. (dir.), Maarten, G., Valsamis, D., February 2013

<sup>37</sup> Schulz, E., 2010

<sup>38</sup> Pennekamp, J., Geschäfte in der Grauzone. Faz-online: <http://www.faz.net/>: <http://bit.ly/1JsKLJp>. Last consultation : 17/08/2015

<sup>39</sup> European Commission, European Employment Policy Observatory, June 2015

wage by €0.90 in old Länder and by €0.15 in new Länder<sup>40</sup>.

Besides, in the case of long-term care services provided to older persons at their home, it is reported that some providers do not even pay for their employees' costs neither for petrol nor their commuting time, which lowers the income of some care workers.

Family care givers may be paid thanks to the cash benefits received by the person they take care of. The amount of benefits varies according to the need of care.

Employed care givers with (free) board and lodging earn on average between €800 and €1200.

Official data about the monthly median income shows that younger women employed in the 'Private Households and Domestic Servants sector aged 50-64 earn less than women aged 25-49. This does not correlate with the reality of median wages in other sectors. Besides, PHS workers employed full-time were found to earn roughly half as much in comparison to the monthly gross income of an average full-time employee<sup>41</sup>.

### 3.1.3. Social protection

#### **Access to social protection, retirement**

All active people (defined as people who work more than 15 hours a week, e.g. "geringfügige Beschäftigung") are legally obliged to subscribe to social insurance schemes; this makes coverage almost universal. Membership of a care insurance scheme is compulsory for people with sickness insurance coverage. All support for carers in Germany is provided through the long-term care insurance scheme. Thus informal carers' access to support is entirely dependent on the insurance entitlement of the person receiving care. The benefits provided to informal carers include: respite, holiday or stand-in care, technical aids (such as home nursing equipment), or insurance cover (retirement pension and accident insurance for informal carers)<sup>42</sup>. The LTCI funds may even pay their pension contributions; the conditions are to provide care at least 14 hours per week and to be unemployed or to work less than 30 hours per week. As for self-employed carers or carers employed by a company or non-for-profit organisations, they pay social and pension contributions and therefore benefit from it.

When it comes to people employed under a mini-job contract, social contributions, although they are reduced or null for the employee (thanks to a higher contribution from employers), remain compulsory under the mini-job scheme. Nonetheless, this status alone does not entitle workers to the social security; another job can entitle mini-jobbers to social security, where contribution from their mini-jobs can be aggregated. Yet, at the end of 2011, the major part of mini-jobbers (i.e. 5 million workers) only had a

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<sup>40</sup> European Commission, European Employment Policy Observatory, June 2015

<sup>41</sup> *Ibid.*

<sup>42</sup> Cools, F., Stokkink, D. (dir.), Maarten, G., Valsamis, D., February 2013

mini-job. Some of them received other revenues such as retirement or unemployment benefits. Besides, workers have the possibility to pay the complement for their pension contribution (13.9% in the case of PHS), but this is not compulsory. One can easily conclude that the structure offered by the mini-jobs does not constitute a solid safety net for PHS workers in terms of social protection and retirement pension. As a consequence, a significant share of mini-jobbers shall lack pension entitlements in the future<sup>43</sup>.

#### 3.1.4. Workers' rights

One of the direct consequences of the recourse to informal employment for the provision of PHS is a certain lack of organisation of workers. This yields a worse position in negotiations about wages, working conditions, tasks, etc. However, the association "Bundesverband Haushaltsnaher Dienstleister"<sup>44</sup> is a group representing the interests of a very homogeneous group of commercial providers of domestic services.

In the non-care sector, collective agreements are traditionally set between the employee representatives (Gewerkschaft Nahrung Genuss Gaststätten or Trade Union Food Pleasure Restaurants) and the employer representative DHB (Netzwerk Haushalt or DHB, Network Household). They would be binding of 50% of employers were members of the DHB, but this is not the case. Even if those collective agreements, originally set by sub-sector, have been extended to the whole sector, most workers in the non-care sector are not covered by a collective agreement. Thankfully, the new 2015 legislation ensures that all workers are now covered by the € 8.50 statutory wage<sup>45</sup>.

### 3.2. Skills development and professionalization

#### 3.2.1. Qualification and training

According to the Federal Statistical Office (2015), most outpatient nursing service companies employed trained nurses or nurse assistants in 2013 (see figure below)<sup>46</sup>.

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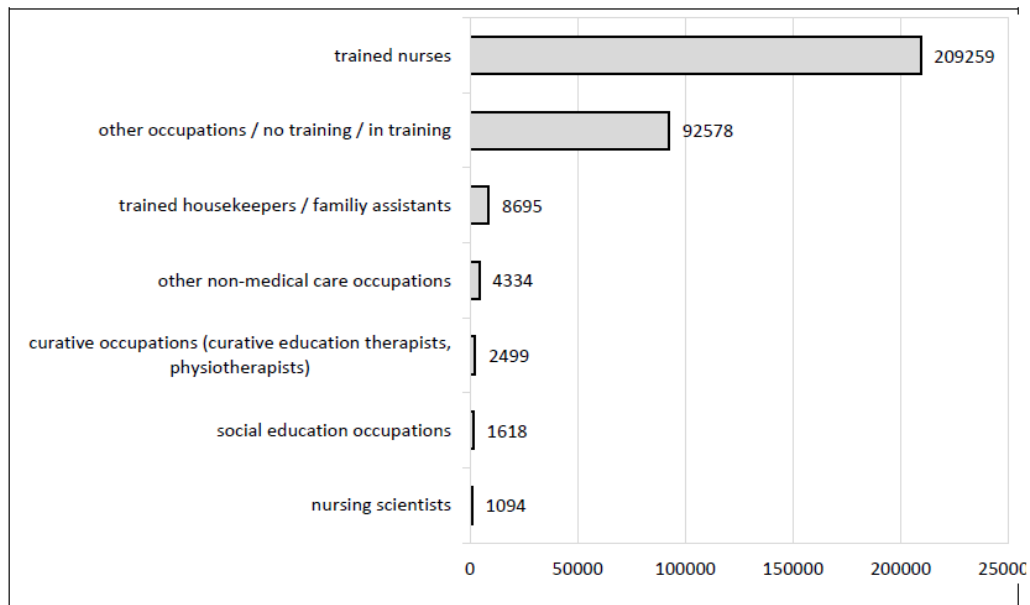
<sup>43</sup> European Commission, European Employment Policy Observatory, June 2015

<sup>44</sup> For more information: <http://www.dhb-netzwerk-haushalt.de/tarifvertraege.htmls>

<sup>45</sup> European Commission, European Employment Policy Observatory, June 2015

<sup>46</sup> *Ibid.*

Figure 3 Professional qualifications of persons employed in outpatient nursing services companies in 2013



Source: Own representation based on German Federal Health Monitoring data<sup>16</sup>

For personal and household care services, the high training costs keeps outpatient nursing companies from training their employees, who usually get trained by inpatient care companies before changing for outpatient care services.

In the case of non-care services, the skills required are often under-estimated: language, manners, thoroughness, flexibility, ability to work independently and to adapt to increased physical burdens, etc<sup>47</sup>. A three-year training exists (for ‘trained housekeeper’ or *Hauswirtschaftler*) that, according to experts, does not correspond to the soft skills needed for such a position<sup>48</sup>. Less than 8,700 persons were trained as housekeepers by such companies in 2013. It has to be noted that, in Germany, unemployment strikes trained housekeepers more heavily than other professions in average.

As for informal care givers, they are entitled by LTCI funds to receiving free training courses. Landers are in charge for training the workforce engaged with vulnerable people.

### 3.2.2. Recruitment and staff shortages

The need for PHS, in particular that to the attention of dependent persons, is strongly related to age<sup>49</sup>. Therefore, with the ageing population, the Federal Statistical Office foresees an increase of people requiring long-term care, from 2.3 million in 2011, to 3.2 million in 2030, and to 4.2 in 2050<sup>50</sup>. Besides, the number the German workforce will diminish as a result of significant demographic shifts. Germany is

<sup>47</sup> *Ibid.*

<sup>48</sup> *Ibid.*

<sup>49</sup> Schulz, E., 2010

<sup>50</sup> German Federal Ministry of Health, Selected facts and figures about long-term care insurance, (2012a), <http://www.bmg.bund.de/>: <http://bit.ly/1E6Llu5>. Last consultation on 20/08/2015.

likely to further seeking immigration for PHS services, in particular from non-EU countries<sup>51</sup>.

As in most European countries, Germany is subject to a general shortage of staff in the LTC sector, especially in the group of qualified workers for the elderly care sector<sup>52</sup>.

This is particularly the case for PHS companies. Although they can create full-time positions by bundling the demand, PHS companies face recruitment problems as workers are often reluctant to take up employment that is subject to social security contributions, as this reduces their wage. Regional imbalances in terms of supply of skilled workers add up to this problem of recruitment and explain why PHS companies struggle to meet the demand for PHS. The low attractiveness of non-care services may be another reason explaining these difficulties to recruit<sup>53</sup>.

### 3.3. Health and well-being

#### **Sick leaves**

The LTCI funds cover the expenses of a professional carer or of another family member in a situation where an informal carer is ill, up to 4 weeks per year and up to €1470. However, annual leaves are also embedded in this maximum of 4 weeks leave.

As for professional elderly care workers, they tend to call sick more often than workers from other sectors<sup>54</sup>.

#### **Stress-related work**

Concerning long-term care activities, studies report an increasing time pressure over the years as well as more and more administration duties and work concentration. The latter results from strong guidelines that employees must follow. Besides, some studies show that the time set for driving from a patient's house to another is not realistic, and thus leads to delays as of the first client in the day<sup>55</sup>. The same study, which is based on national stakeholders' analysis, also mentions the fact some employees complain about the rigidity of the framework provided for each care activity (to the elderly) as it gives them little time to build a relationship with users, or to adapt their care activities to their day-to-day needs; this can cause moral conflicts and additional time pressure.

As for informal carers, LTCI funds provide them with counselling services, including the possibility to have an individual contact person within LTCI.

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<sup>51</sup> Eurofound, 2013

<sup>52</sup> Berringer, C., Suhr, R., 2013

<sup>53</sup> European Commission, European Employment Policy Observatory, June 2015

<sup>54</sup> Kümmerling, A., 2011

<sup>55</sup> *Ibid.*



## Harshness of work

The jobs of home care giver/domestic worker are known for their high physical and emotional demands and control is made difficult in particular by the high level of informality of the sector. A survey has shown that 50% of elderly care workers do not think they will manage to keep the same job until retirement age<sup>56</sup>. The job appears to be particularly demanding with the oldest old (80+): additional help from professional carers is often requested for older beneficiaries<sup>57</sup>. In 2007, almost all persons receiving benefits in kind (formal PHS) were at least 80 years old.

All in all, working conditions vary greatly from one patient to another; the facilities (lift aids, special beds, etc.) provided in the users' houses are not all equal. It is also reported that the nature of the job gives few possibilities for home care givers to discuss job matters. This can somehow create a feeling of isolation.

### 3.4. Work/Life balance

The share of part-time jobs delivering home care services under the LTCI in Germany amounts 70.6%<sup>58</sup>. As a matter of fact, the Walqing study<sup>59</sup> states that many providers of long-term care services dedicated to the elderly have recourse to part-time workers and marginal part-timers to make sure to provide to all patients the attention they need, especially during peak times (morning and evening toilet, meals, etc.).

The same study reports that some union representatives have observed that marginal part-time work in home care has significantly increased in the LTC sector as a whole<sup>60</sup>. It also states that part-time workers “*are more inclined to work (non-compensated) overtime and often have bad working times or split shifts (two hours in the morning, two in the evening).*” The conclusion can be drawn that marginally employed care workers are particularly vulnerable in the PHS sector in Germany.

Since 2015, a new measure has entered into force to promote the non-market provision of PHS by family members (*Familienpflegezeitgesetz*). It enables workers providing care for family members to reduce their working time down to 15 hours per week during up to 24 months.

An ESF-funded communication campaign first launched in 2008 attempts to promote better reconciliation of work and family care by informing persons re-entering the labour market after a family care break about the existing ways to obtain PHS<sup>61</sup>.

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<sup>56</sup> *Ibid.*

<sup>57</sup> Schulz, E., 2010 (p.15)

<sup>58</sup> Eurofound, 2013

<sup>59</sup> Kümmerling, A., 2011

<sup>60</sup> *Ibid.* (p.6)

<sup>61</sup> European Commission, European Employment Policy Observatory, June 2015

## 4. SERVICE QUALITY

Overall, PHS are not provided by the public sector, but the latter plays an important role in regulating the quality for personal care with the availability of quality criteria at federal level.

The informal provision of PHS is considered a barrier to the professionalisation and thus quality of such services. Yet, such recourse to informal employment can be explained by the lack of information about local PHS suppliers or the bureaucracy that goes together with the direct employment of a PHS worker.

In January 2015, the First Act to Strengthen Long-term Care entered into force. Short-term care, respite care, day and night care will be expanded and better coordinated with one another to provide relief for people in need of long-term care as well as to their caregiving relatives. Indeed, persons with the care level 0 (above all those with dementia) will be entitled to day, night and short-term care for the first time<sup>62</sup>.

### 4.1. Availability of services

Personal and household services are made available in Germany according to the principle of “care at home prior to residential care” through a care allowance or in-kind home care.

In 2013, the Federal Ministry of Health estimated the number of citizens covered by social LTCI at 69.8 million citizens were covered by social LTCI, while 9.5 million citizens were covered by a private LTCI<sup>63</sup>. Even if the number of people in need of care is difficult to quantify, it is estimated that 3 million people would need home help (housework mostly), but do not fulfil the eligibility criteria to the private and social LTCI funds. Besides, since July 2008, it takes two years to be entitled to benefits under the LTCI. Yet this represents 3 years less than before<sup>64</sup>. This is why the personal care services system relies a lot on families and informal carers in Germany. In most cases, daughters, daughters in law or spouses between the ages 50 to 65 years will take care of their relatives. This generation belongs to the baby-boomers'. When, from 2025, this generation will be 80 years old and older, those who were family caregivers will be likely to need help themselves, and an increasing demand in professional care will be expected<sup>65</sup>.

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<sup>62</sup> Federal Ministry of Health, Long-term care, First Act to Strengthen Long-term Care, <http://www.bmg.bund.de/en/http://bit.ly/1GOVUmR>. Last consultation on 30/10/2015

<sup>63</sup> European Commission, Adequate social protection for long-term care needs in an ageing society - Report jointly prepared by the Social Protection Committee and the European Commission, 2014

<sup>64</sup> Schulz, E., 2010 (p.2)

<sup>65</sup> European Commission, 2014

## 4.2. Affordability

Concerning domestic work services, they are more frequently asked by people with higher incomes, households with active mothers, older people and households receiving benefits provided under the care insurance scheme. They are requested twice as much in the Western part of Germany than households living in the area of the former German Democratic Republic<sup>66</sup>. When having recourse to PHS via a company, clients benefit from less bureaucracy, the possibility to replace a worker if needed (unsatisfying performance or illness of a worker), damage insurance from the service provider, flexibility in the working time and demand of services, etc. However, modest households may not afford the higher rates that come with the VAT and higher tax on wages to which PHS companies are subject to. They thus tend to employ cheap PHS workers who working illegally or through the mini-job scheme. The reduction of VAT for non-care PHS has already created debate in the 1990's with the aim to lower costs for final beneficiaries. However, non-care services like house cleaning are particularly demanded by high-income household; it was therefore not to implement such fiscal promotion<sup>67</sup>.

On the other hand, charity organisations providing PHS can be exempted from VAT for services covered by the LTCI. This exempts such charity organisations to provide household services to their beneficiaries<sup>68</sup>. When it comes to PHS provided to beneficiaries in the need of care, LTCI funds negotiate the services and their prices with each care provider. The negotiation being done collectively potentially enables raising buying power.

Besides, the LTCI funds cover a fix amount of the costs of users who choose to be treated from their home, on the basis of their need of care and regardless of their age, income, wealth or the price for the actual service. Thus, the difference is left at the expense of users. When the latter cannot afford to co-finance the services, their families must contribute financially - within limits defined by the law: thankfully, the need of care is wider in the social assistance law and the difference can be covered by social assistance scheme if recipients or their children or near relatives cannot pay for it. Additional private insurances exist that users – and/or their families - can subscribe to cover these expenses<sup>69</sup>. It is reported that 3 million persons are in substantial need of care and yet are not classified as care-dependent<sup>70</sup>.

When users cannot afford - even if only partially - the cost for receiving long-term care services, they can

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<sup>66</sup> European Commission, European Employment Policy Observatory, June 2015

<sup>67</sup> *Ibid.*

<sup>68</sup> *Ibid.*

<sup>69</sup> European Commission, 2014

<sup>70</sup> Von der Malsburg, A., Isfort, M., Haushaltsnahe Dienstleistungen durch Migrantinnen in Familien mit Pflegebedürftigkeit. 24 Stunden verfügbar – Private Pflege in Deutschland, 2014. Online: <http://library.fes.de/pdffiles/wiso/10811.pdf>

apply for means-tested social assistance<sup>71</sup>.

In another vein, a family care giver can take up to 4 week vacation with the LTCI covering the expenses for a professional carer. However, a ceiling applies which is fixed at € 1470<sup>72</sup>.

Finally, as of July 2008, persons living under the same roof are entitled to pool claims to benefits in kind.

### 4.3. Comprehensiveness of services

When medical boards conduct in-home assessments to assess the need of individuals for care PHS, they used to focus largely on physical needs for personal care, nutrition, and mobility. The needs for assistance or supervision were de facto overlooked. Yet, persons with dementia or learning disabilities often need such services<sup>73</sup>. Persons having difficulties to cope with daily activities are now assessed differently and will be entitled to receive benefits with Care level 0. Since January 2013, when fulfilling superior care levels, beneficiaries receive enhanced benefits and services. Nonetheless, in the case of users diagnosed with dementia, a problem lies with the lack of consideration for the users' gradual loss of independence. Thus, an adapted definition of LTC may help including the needs of all users with limited independency.

To measure quality of care, Germany introduced in 2009 the “transparency reports for formal care”. Some care providers and nursing homes are audited yearly by the Medical Review Board of the Statutory Health Insurance Funds (MDK) of the LTCIs. MDKs rate nursing homes with 77 standardised items, and home services with 49 items.

The inspection guidelines are regularly reviewed with regard to the latest medical and nursing care innovations. The results of the audits must be made transparent, easily understandable and consumer-friendly. Nonetheless, criticisms persist on the fact that items do not refer enough to outcome quality as most of them are about structural and process quality. There also was some critics about the fact that equal weighting of all items enables to compensate “bad quality” in care by “good quality” in other services. New instruments concentrating on outcome indicators for care home quality have been introduced in 2014.

### 4.4. Quality of regulation

The German care market is very much regulated, with strict descriptions of the kind of care required by a patient, its length and frequency. Besides, the Medical Advisory Board of the Health Insurance funds set up guidelines for quality control, be it in institutions or for home care services. Quality audits are conducted by the Medical Advisory Service.

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<sup>71</sup>Schulz, E., 2010

<sup>72</sup> *Ibid.*

<sup>73</sup> *Ibid.*

In 2003, Germany standardized the vocational training for older workers by federal law. Thus, Länders no longer regulate the training themselves. As of now, they are only responsible for the Implementation of training.

Concerning LTC, one of the first quality measures of personal care and housekeeping services to people who receive cash benefits is for a professional care giver to review their situation and report it to the LTCl. The responsibility of calling such professional falls under the beneficiary's. Depending on their care level, beneficiaries receive the visit of a professional care giver from two to four times per year. Besides, when stresses in caring of informal care givers are assessed, help is offered, when possible. This can lead to measures to improve the home environment<sup>74</sup>.

It also has to be noted that, from 1999 to 2007, the recourse to formal home care or institutional care has increased in all care levels, thus decreasing the recourse to LTCl's in cash benefits, which are dedicated to the provision of informal home care services. This is particularly true for older age-groups.

Besides, a significant number of good practices have been identified. We can mention the German Charter of Rights for People in Need of Assistance<sup>75</sup>, which gives a detailed list of the rights of people living in Germany who are in need of long-term care and assistance. Several dissemination and quality tools were developed on the basis of the Charter, such as wide awareness-raising activities, charter-oriented quality management tools (e.g. self-evaluations, quality circles, mission statements, target agreements) and training material. The Charter is also used to develop external quality control tools and legislation<sup>76 77</sup>.

#### 4.5. Quality of management and organisational level

Parties responsible for the management and organisation for the provision of long-term care must ensure that national quality standards are developed and updated.

Home care services that have been licensed by a service provider agreement are audited by the medical review board of the statutory health insurance and its counterpart in the Association of Private Health Insurance Funds.

As mentioned earlier, the DIN SPEC 77003 standards procedure for information, advice and placement of personal and household services was published in April 2015.

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<sup>74</sup> *Ibid.*

<sup>75</sup> German Federal Ministry of Family Affairs, Senior Citizens, Women, and Youth and the German Federal Ministry of Health, Charter of Rights for People in Need of Long Term Care and Assistance, 2007: [www.pflege-charta.de](http://www.pflege-charta.de): [bit.ly/1NCpIlp](http://bit.ly/1NCpIlp). Consulted on 18/08/2015

<sup>76</sup> For more information: <http://wedo.ttp.eu/>: <http://bit.ly/MeIgYL>. Last consultation on 18/08/2015

<sup>77</sup> AGE Platform Europe, European Quality Framework for long-term care services, Principles and guidelines for the wellbeing and dignity of older people in need of care and assistance, European project WeDO, 2010-2012.

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