

The personal budget in Germany
Enhanced participation for disabled people, and an opportunity for
further development of the social security system

Ladies and Gentlemen,

The subject of my talk is the personal budget. The personal budget concerns something close to all our hearts: control of money, and the freedom to meet our own needs ourselves and as we ourselves see fit. What is particularly new about the personal budget? And what is so different about it?

Germany has a social security system that delivers high-quality benefits to disabled people.

For historical reasons, these social benefits are based upon the concept of compensating for the disadvantages of a disability. They have generally been delivered well, and with good intentions, in the form of "care". Closely associated with this paradigm is the fact that the majority of rehabilitation and participation benefits are provided in kind. This means that they are defined, organized, sourced and paid for by the social insurance system, and are delivered by certain institutions or services on behalf of it. There is no disputing the considerable advantages of this arrangement: it means that these benefits are effectively delivered to the disabled person's doorstep, without their having to arrange them themselves.

Despite this, many disabled people's associations have long campaigned for what is termed the "personal budget". With success, as can now be seen:

As of this year, 2008, a statutory entitlement to a personal budget exists in Germany. This entitlement gives disabled people the right to receive the value of the benefits to which they are entitled in the form of cash, which they can then use to cover their needs and to purchase the necessary benefits themselves. This makes the budget recipients "self-payers" who purchase a "support mix" for their particular situation and

under their own responsibility. Being tailored to their particular needs, this support mix is therefore overall more appropriate and more economical. This is a truly new and, at least for Germany, radical development. Those who wish to do so can make all the arrangements themselves that were previously made by others on their behalf, and can enjoy greater freedom to make decisions.

The personal budget was not introduced overnight, but only after thorough preparation: a cautious but real start to the work was made in 1998. Initially, the scheme was limited to one region, and in practice to benefits in the social welfare category. In 2001, a dedicated piece of legislation was enacted, Volume IX of the German Social Code, which for the first time merged the rehabilitation and participation benefits, and created a national and legally comprehensive pilot arrangement for the personal budget. Following detailing of these provisions in 2004 and a number of further model projects, the statutory entitlement which I mentioned earlier took effect this year, i.e. 2008. The statutory entitlement exists for all persons in Germany who are disabled or at risk of disablement, and it covers a wide range of benefit types. For each individual, it applies to the benefits for which the eligibility criteria are met.

This development, which in simple terms can be described as a shift from care to self-determination, presents a considerable challenge for the existing system. The German system is not monolithic: a person entitled to benefits frequently has contact with several institutions from whom they receive rehabilitation and participation benefits. Implementation of the personal budget therefore requires closer co-operation between the institutions, and co-ordination of the benefits.

Which institutions may be responsible for a personal budget?

Among the institutions which may be involved are those responsible for health, retirement pension and accident insurance, unemployment insurance, social welfare, youth welfare and nursing-care insurance.

And what benefits are possible candidates for a personal budget? The answer is: benefits from the entire spectrum of the German welfare state. These encompass benefits for social participation, benefits for occupational participation, benefits for medical rehabilitation, nursing-care benefits, and further social benefits, such as health insurance.

By now, you are probably thinking that the personal budget must be all the rage. Money makes the world go round, so: give us our personal budget! Or would you rather receive *your* salary or pension in the form of parcels and shopping-baskets on your doorstep instead of money in your bank account? It is therefore astonishing that the overall take-up has been very low. At present, we have no validated figures which take all forms of budget into account. We can however assume an overall figure of a few thousand budgets for the whole of Germany. This is of course only a fraction of the benefits that are awarded throughout the country.

For the purpose of illustration, I have used the classic stop-light model. At present, we can surmise that personal budgets are concentrated upon benefits in social welfare, which also includes those for social participation. We are seeing certain interesting patterns, however, concerning other benefits or other institutions. In particular, I would like to mention the occupational area, which for example is the responsibility of the German Federal Agency for Employment. So far, little progress has been made with the benefits which are more medical in nature, and among the corresponding institutions; their relevance here is therefore secondary.

I would specifically like to mention two obstacles to greater take-up of the personal budget. Firstly, the inertia within a structured system involving numerous parties and their particular interests. The personal budget is an instrument which requires a change in thinking from the rehabilitation institutions: less off-the-shelf product, more consultancy, a greater need for co-ordination with other institutions. Quality control also becomes more difficult. The rehabilitation institutions have not yet begun using

the option of the personal budget aggressively, in part simply because implementing it requires more work than the conventional benefits in kind. A further issue is the effort which must be made by all those involved, including the recipients of the benefits: the effort that comes with the exercising of responsibility when life, or to be more precise participation in it, cannot be booked as if it were an all-inclusive package tour. In this context, it must be remembered that outside the personal budget, the traditional benefits in kind also make provision for an entitlement to choice that opens up opportunities for disabled people to organize their own lives themselves. This partly explains the low take-up in the area of medical benefits.

From the accompanying research, we know that the disabled individuals are satisfied with their personal budget, but that they use it without great excitement, much less euphoria, for the needs that are important to them. To the final question "Is the personal budget a good thing for you personally?", 90% of the budget recipients replied "Yes, certainly"; to the question whether the budget recipients would opt again for the budget, 91% replied "Yes, certainly". They report an increase in self-confidence, greater self-determination, and positive impacts upon their opportunities to run their own lives, and for social participation.

By way of example, I shall now present some successful examples from the field. They were documented in the course of the accompanying research:

1. One woman, a wheelchair user and dependent upon daily support and upon assistance at work, previously received her benefits from several institutions. With the personal budget, she now receives them as if from a single source. "I only have to deal with a single authority," she says. "And I no longer have to present a detailed statement at regular intervals."
2. A young man with a mental handicap wishes at all costs to avoid working in a sheltered workshop for the disabled when he leaves school. Instead, he would like to find a job on the wider labour market. He begins by using his personal budget to enlist the support of work assistance, with whose help he finds a work-experience placement in a company. This may prove to be a gateway to paid employment.

3. A woman with a mental illness works in a sheltered workshop for the disabled. She has great difficulty finding her way around and therefore manages her affairs herself only as a last resort. With the personal budget, the identified need for an escort is implemented by conversion of part of this entitlement into the purchase of a navigation system. This increases her independence, generates participation "around the clock", and puts her in touch with modern technology.

These, then, are three people who are able in this way to continue living at home, who are participating in occupational life, or are purchasing the assistance needed for their daily lives. Custom solutions, because a solution off the peg doesn't necessarily fit everyone.

For this reason, we must encourage potential budget recipients and support them as they enter new territory, in order for them to enjoy the benefits of participation that are opened up by the personal budget.

We need service providers whose institutions and services are geared more closely to customers who have wishes of their own, that they also pay for. Flexible, modular services and new, custom solutions are called for.

The rehabilitation institutions are also undergoing a process of change. Instead of benefits in kind, they provide a personal budget. In conference with the other institutions, needs are identified jointly and targets agreed with the budget recipients which are geared very closely to user satisfaction and the quality of results.

The new freedom and distribution of functions also have consequences not only for the provision of comprehensive consultancy, but also, for example, for the duties to furnish proof of delivery and for quality assurance.

Volume IX of the German Social Code makes provision for the budget recipient and the responsible rehabilitation institution to reach an agreement on whether proof of delivery must be furnished, and if so, how. In the meantime, the focus lies upon auditing of the results.

The target agreement that is reached with the budget recipient governs specific quality assurance aspects, such as which services, if any, must be delivered by certain professionals; or what criteria must be met by a service for it to be made use of. Many aspects are still in the starting-blocks and need to be tried out.

Does a highly developed social security system require such a cumbersome approach? In my opinion, the answer is a resounding "yes". It increases the pressure upon all parties concerned to work together and to ask the question, consciously and in consultation with the disabled person themselves: what personal situation are we assuming as a starting-point? What objectives do we wish to attain? What need exists, and what benefits?

The associated processes have been launched, and the necessary rethinking has begun among all the parties concerned. As a platform for the rehabilitation institutions, BAR also lobbied early and intensively for the personal budget, for example by publishing recommendations for action for its practical implementation (www.bar-frankfurt.de).

With the personal budget, Germany is seeking to implement modern, participation-oriented instruments of social policy. The advanced German social security system is moving with developments, making it fit for the needs of the future. And: it provides the people who need it with support, making greater self-determination and participation possible.

Thank you for your attention.

Postscript:

It is true that the personal budget applies to all benefits for rehabilitation and participation. However: the acceptance of the personal budget and the gains that it offers will not be furthered if it is used to obtain benefits through the "back door" that have already been rejected, or to select providers or services the quality of whose work is questionable. So far, such phenomena have not become widespread. Should the personal budget be taken up on a greater scale, these issues and that of abuse may however have to be addressed again. These discussions must not, however, be allowed to deliver a knockout blow to the personal budget. Why? Because the misappropriation or even abuse of social benefits are subjects which inevitably accompany the introduction and provision of benefit entitlements. The same is true for the traditional benefits in kind. Those who are intimately familiar with the subject observe that with the personal budget, and among people who opt for it, the probability of benefits being abused drops.