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## 2024 Orientation Value Released – Hospital Financing in 2025 Becoming Even More Precarious



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The Federal Statistical Office released the orientation value for hospitals for 2024 yesterday. "This value, which is meant to reflect the average percentage development of hospital costs, is set by the office at 4.24 percent, or 4.12 percent when nursing costs are excluded. This value is below the rate of 4.41 percent published two weeks ago. It is now clear that the base case values for the states will increase by a maximum of 4.41 percent in 2025. Furthermore, this rate will serve as the basis for budget negotiations in 2025 to reflect cost increases. However, what is even more significant in the current discussion regarding the Hospital Future Act is that Professor Karl Lauterbach, in his draft legislation, foresees the full application of the orientation value starting in 2025. While discussions of potential three-digit million-euro amounts are mentioned in the draft, this regulation will have no impact in its first year," explains Dirk Köcher, President of the Association of Hospital Directors of Germany.

The Association of Hospital Directors of Germany continues to strongly support the demand from the federal states, the German Hospital Federation (Deutsche Krankenhausgesellschaft), and other associations for an inflation adjustment for 2022/2023, enabling hospitals to at least prospectively achieve balanced results again. The additional revenues originally assumed for hospitals from the full orientation value should now be available for this inflation adjustment and must be taken into account in the legislative process. Although the amount is not sufficient, it would be a start.

The calculation basis for the orientation value is the annual price and wage changes in clinics. For example, the significant tariff increase in the Public Sector Collective Agreement of over 10 percent, effective March 1, 2024, is included in the calculation for only four months. Although it is hoped that such price increases will be factored into the orientation value for 2026, the current and upcoming year 2025 remain particularly critical for many hospitals. As is well known, the majority are already facing significant financial challenges in surviving this year and ensuring care. One reason for this is the ongoing refusal from the federal government to provide inflation compensation for the years 2022 and 2023, despite being legally responsible for ensuring the adequate financing of hospital operating costs. Professor Lauterbach's repeated reference to the fact that there will be no additional surcharges on the state base case values for the underfunding of 2022/2023 unfortunately overlooks the economic struggles of most clinics, including the rise in insolvencies.

### Background

As a methodological note for calculating the orientation value, the Federal Statistical Office points out that only results from existing statistics are included, particularly wage surveys, selected price statistics, and hospital cost accounting.

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