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Recent Developments in the German Hospital Market

For two decades the German hospital market has seen numerous healthcare reforms. These dynamics have led to a fundamental change - and to an enormous complexity within the healthcare system. This was especially true after the introduction of the nationwide German-DRG-system in 2002. With this initiative, strategic, performance-oriented and competitive targets made their way into the German hospital market.

Today, with continual extensions in healthcare supply, the DRG-system has allowed adaptation to the changes in demand. In 2008, 17.2 million inpatient cases were registered in 2,087 German hospitals with 506,954 beds. The number of cases is still increasing whereas the length of stay is decreasing from an average of 8.3 days. The German DRG-system has more than 1200 DRG- groups and additional fees to its disposal. The mean costs per inpatient stay amount to 4,251 euro.

There is an increase in demand in both outpatient and inpatient care due to an aging demographic (25 percent of the patients are older than 75), as well as advances in the medical treatment and technologies.

Thinking in Sectors

There are legal and financial boundaries present between the different sectors of German healthcare. Outpatient treatment is provided by primary care physicians and specialists within their own practice. Their budget is administered by the Regional Association of SHI-Accredited Physicians while health insurance funds provided by DRGs cover hospital inpatient treatment costs. The DRG base rate differs from state to state, but will be standardised in the next few years.

Officials in office before the last parliamentary elections tried to open the boundaries between inpatient and outpatient healthcare. For example hospitals, now are able to establish medical healthcare centres in order to supply outpatient treatment.

From the point of view of the hospital as well as VKD, these boundaries should be made much less stringent or abolished completely in order to achieve better performance and fair competition. However, it appears that the present officials intend to keep this distinction between sectors.

Investment and Innovation

Experts estimate that in the last few years there had been a lack of nearly six billion euros in investments. This directly affects the amount of innovation within the market. Patient care units were not brought up to date and modern technologies were not introduced. Diagnostics, therapy and most of all the optimisation of work and treatment flow depend on structural investments. Without investments Germany is placed at a disadvantage in international competition, making it a priority in order to strengthen our position.

Within the last few decades, public and political discussion surrounding the healthcare market moved from "rising expenditures" to "driving economic growth". The recent economic crisis has proved the stability of the healthcare trade, including providing three to four million jobs in Germany. This contributed to the transition of public and political opinion toward prioritsing investments in innovation. This insight found theoretical expression in the coalition agreement of the new government with emphasis on strengthening innovation within Germany and the promotion of medical technology although actual growth has yet to be realised.

Lack of Qualified Employees

More and more, the labour market has become an issue for German healthcare, in particular concerning the nursing staff within intensive care and surgical. Even though the salaries have increased considerably during the last years, the attractiveness of the jobs has decreased due to the work load, increased administration and burdens of documentation.

As a consequence, in certain regions, it becomes more and more difficult to keep the human resources structure within a hospital complete. Because of this, there has been a discussion focusing on the education of nurses and physicians, their basic working conditions, and the attractiveness of such careers.

If the demand for medical and nursing care services is greater than offered, the working time of medical specialists and qualified nurses should be used exclusively for activities in which their special competences are required. Many theoretical models and practical projects have focused on reduction or shifting of workload, from tasks that aren't closely related to the job outline to those that concentrate on key skills.

Consequences

German healthcare faces challenges in adapting the existing system to current demand. An increase of investment will lead to optimisation of work flow, which in turn becomes added-value by employees.

The competition in the healthcare market will become an issue due to an increased demand of medical achievements decreased amount of available public funding and qualified personal. Alternatively, competition will lead to enhanced networking with other healthcare sectors and more efforts in marketing and quality management. It will become pertinent to establish lean structures and optimise the net product in hospitals. With competition one must adapt, replacing uneconomic structures.

The German hospital market is prepared for these challenges. Whether and how politics will make concessions to the economic and socio-political issues within the hospital market remains to be seen.

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