

# German government plans hospital “reforms”: A recipe for more cuts

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Almost three years of the coronavirus pandemic and a current inflation rate of more than 10 percent have pushed many hospitals and health care workers to their limit. This year, hospitals can only claim price increases of about 2.3 percent, which covers about one-fifth of the actual inflation rate. It is therefore not surprising that two in five hospitals consider insolvency a possibility.

A study by management consultants Roland Berger found that almost 70 percent of hospitals expect to run a deficit this year. Among the public/state-funded hospitals, the figure is 90 percent; 96 percent expect the economic situation to worsen in the next five years.

Health Minister Karl Lauterbach (Social Democrat, SPD) and the “traffic light” coalition, which includes the Liberal Democrats (FDP) and Greens, have announced a “hospital reform.” But instead of supporting hospitals in need and relieving the ailing health care system, it is the first step towards implementing long-cherished plans for nationwide hospital closures and radical cuts in public health care.

The situation is dire. According to a recent survey by the German Hospital Institute, 96 percent of hospitals can no longer meet their costs from current revenues. For example, a medium-sized hospital will now pay over €6 million more for electricity and gas next year than last year. Extrapolated to all hospitals, this results in a shortfall of €4 billion for energy costs alone.

Added to this are the burdens caused by the pandemic. In the summer, the so-called Coronavirus Aid provided for hospitals expired. At the same time, the government’s unscrupulous policy of allowing the virus to run wild has led to hospitals being hopelessly overloaded, even before the peak of the autumn/winter wave. In the coming weeks, the situation will further worsen.

Before the pandemic, the staffing situation in hospitals was already catastrophic. In the last two and a half years, hundreds of nurses have quit or reduced their hours because workloads are unbearable. Now, there are enormous staff shortages due to COVID infections. Almost 80 percent of hospitals expect to have to postpone or cancel planned operations and treatments this autumn due to staff shortages.

According to the government’s plans, there is to be marginal financial aid for paediatrics and obstetrics. Paediatric clinics are to receive as yet unspecified additional funding, in addition to the flat-rate per case funding, to compensate for possible revenue shortfalls. However, these will be linked to target requirements. For example, at least 80 percent of the revenue volume of 2019 must be met, otherwise there is a risk of deductions.

Every hospital that has a paediatric department and a perinatal centre is to receive €1.5 million. But this sum is no more than the proverbial drop in the ocean since these areas have been systematically cut since the introduction of DRGs (diagnosis-related group funding). Paediatric medicine, in particular, has been cut back in favour of other areas that promise higher profits. Today, in some regions of Germany, there is a real lack of care in these areas.

At the centre of Lauterbach’s plans, however, is the reduction of inpatient treatments. To this end, as many as possible should be conducted as day treatments and so be billed in this way. Lauterbach argues that this will relieve nursing staff because many night services will then not have to be staffed. “We do a lot of inpatient care that could actually be done on an outpatient basis or without patients staying overnight. This is an ancient structure that we now want to overcome,” he told broadcaster ZDF.

Lauterbach has never advocated for better working conditions in hospitals, neither as a long-standing member of the supervisory board of the private Rhön hospitals, nor as a health affairs politician. In view of about 30,000 unfilled positions in nursing, the elimination of some night services would not make much difference.

Rather, overcoming the “ancient structures” is directed at closing hospitals across the board and cutting services, and thus staff, in those that remain. In this way, Lauterbach is continuing the policy he himself played a major role in shaping in 2003/2004 with the introduction of Diagnosis Related Groups (DRGs).

Since then, hospitals have been under enormous economic pressure. With the DRGs, hospitals are reimbursed for the average cost of treatment, regardless of the actual expenditure. To be profitable or cost-neutral, they must treat as many patients as possible with as few staff as possible.

Only if a patient is discharged from hospital as soon as possible does the hospital make a profit. If, however, the patient must stay in hospital longer than the flat-rate per case payment covers, because the treatment is more complex, this is usually not reimbursed by the health insurance funds and the hospital is left bearing the costs.

As a result of the flat-rate per case model, there are “bloody discharges”; to meet predefined hospitalisation times, patients who are not actually ready are sent home.

With the “reform” now planned, this system is to be tightened up even more. Treatments that should be carried out on an in-patient basis are to be carried out increasingly as out-patient treatment. In addition, so-called hybrid DRGs are being planned. This means that outpatient therapies can also be carried out by doctors in private practice. Above all, small hospitals and primary care hospitals with overall and emergency care, but without specialty focuses, would lose revenue. The intended closures would thus be preordained.

Boris Augurzky of the Essen-based Leibniz Institute for Economic Research (RWI), who also sits on the expert committee of the Ministry of Health, welcomed the plans. He assumes that 20 percent of today’s hospital cases could be treated on an outpatient basis. This gives an idea of the scope of the plans.

Augurzky had already called for the nationwide closure of hospitals during the first wave of the pandemic in spring 2020. Under conditions of the complete overloading of intensive care units, he coldly remarked that it was a pity more hospitals were not being closed. Later, he demanded the federal government further reduce hospital costs, a “phase of austerity” was coming, Augurzky said.

For years, Lauterbach and Augurzky have been calling for the implementation of the proposals of the Bertelsmann Foundation, which had called for more than half of Germany’s hospitals to be closed in 2019. At the beginning of September, the Münch Foundation think tank, of which Augurzky is chairman, published a study promoting a comprehensive “transformation” of general hospitals into outpatient facilities.

The consequences of such a “transformation” are clear. Even more than before, economic pressure and profit maximisation will determine treatment at the expense of patient care. Inpatient stays with comprehensive medical and nursing care would become the exception for most of the population.

Lauterbach and the “traffic light” coalition want to use the drastic situation, which they themselves have created by their profits-before-lives policy with their planned “reforms,” to further cut public health care.



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